The China Weekly REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

Japan Expects Manchukuo Recognition in London Talks

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CAN ROOSEVELT'S "GOOD NEIGHBOR" POLICY BE APPLIED HERE?

DURING the course of the discussions at the League of Nations on the Manchurian issue, the Japanese chief delegate Matsouka made much of the circumstance of American occupation of the Panama Canal Zone as being similar to Japan's action in Manchuria. The Japanese also claimed that their chief objective was the creation of an "Asiatic Monroe Doctrine," modeled on the well known American policy.

Dr. Sao-Ke Alfred Sze, former Ambassador at Washington, in the course of an address (See Page 157) before the American University Club in Shanghai this week pointed out that while suspicion did exist in Central and South America regarding the policies of the United States, these factors of fear and suspicion have been removed by President Roosevelt's "Good Neighbor" policy which the present administration in Washington has pursued. Coming from a Chinese diplomat, long experienced in the international politics of the American Capital, there was deep significance in his declaration that the United States has followed this friendly policy "not only in word but in deed and in the economic as well as the political field . . . not only has there been a declaration that the United States will not in future, for any purpose, send its armed forces into the territory of a neighboring state, but it has given the declaration retroactive effect by withdrawing its forces from Latin American countries where they were already stationed . . . Also the United States has entered into new treaties with Cuba and Panama which have removed objections felt by these countries to the former treaties . . . going a step further the United States has sought to give content to its Good Neighbor policy by negotiating mutually beneficial trade agreements."

Dr. Sze then quoted from President Roosevelt's address at the opening of the Inter-American Conference for the Maintenance of Peace:

"We cannot countenance aggression—from wheresoever it may come. The people of each and every one of the American republics—and I am confident the people of the

Dominion of Canada as well—wish to lead their own lives free from desire for conquest and free from fear of conquest, free at the same time to expand their cultural and intellectual relationships and to take council together to encourage the peaceful progress of modern civilization. Our aims will best be served by agreements which bring peace, security, and friendship among us and all our neighbors."

Continuing, Dr. Sze called attention to the 3,000-mile border between Canada and the United States, which is undefended by forts or battleships.

In order that there should be no misunderstanding the implications of his references to American foreign policies, Dr. Sze declared that these developments had a peculiar significance and interest for the people of the Far East. He said, "It would be idle to state that the relations of China and Japan at the present time are satisfactory!" He said that China had always admired the progress of Japan, which nation had, in the space of a single generation emerged from feudal military authocracy into a modern-industrialized state . . . under the guidance of far-sighted elder statesmen Japan had assimulated the material elements of a Western civilization . . But China must develop in her own way, by her own people and according to her own genius . . . the essential peaceful character of her domestic and internal culture is now the main stabilizing factor in Asia . . . It will be a red letter day in Asia in the history of nations, especially China, Japan and America, when all fear and suspicion are removed between China and Japan and the "Good Neighbor" policy so successfully inaugurated on the eastern shore of the Pacific shall be introduced and pursued by the nations bordering on the Western shore of that great ocean!

How Gangsters Smuggle Goods at Tientsin—Attitude of Peining R.R. and Hopei Council

THE hour was approaching midnight when the telephone in the office of the Chinese Maritimes Customs barrier in a lonely suburb of Tientsin, tinkled. A somewhat sleepy customs officer answered the imperious bell.

"We have just been tipped off that twelve trucks loaded with smuggled goods will pass through your station tonight," said the voice at the other end of the wire. "There are about twenty armed Japanese gangsters with them, so you know what to do."

The customs officers quietly informed his two comrades of the news. They were unarmed and knew they stood little chance against those armed men, Japanese ronin and Koreans who have been recruited for this desperate work. The three customs officers lit cigarettes and waited on a convenient bench, under the bright Hopei stars.

Presently the smugglers' trucks were seen coming down the dusty road. The customs men still took no action. The road through the barrier was wide open and nothing seemed in readiness to meet the approaching caravan of sugar, kerosene, artificial silk and sundries. When the first truck arrived at the barrier, ten Japanese and Korean ronin jumped off and took complete command of this Chinese Government establishment, pointing their guns at the trio of customs officers, who still made no move.

One by one, the smugglers' motor trucks passed through the station and disappeared in the night towards the Shantung border. On each truck sat another armed Japanese gangster, smiling toothily under the knowledge that his precious life would by adequately protected by the Japanese Imperial Army, Navy and Air Force, in case of emergency, and that his profession was part and percel of his Government's policy of "friendly economic cooperation with China." As the last of the twelve trucks passed the customs station, the ten gun-wielders who had seized the place, hopped aboard with a final menacing grunt. In a few moments the dust had settled and all was as before.

The customs officer telephoned his office again.

"They all passed through okey," he said. He gave a brief account of the passage, hung up, and the three men again resumed their cigarettes, tea and talk.

Thereafter every night for some time, the caravan of smuggled goods passed the barrier, usually under the protection of sixty armed Japanese and Korean ronin. One night they even kidnapped the customs officers and kept them prisoner for several days before releasing them, somewhat worse for wear. Every night the customs barrier was occupied by these armed forces recruited from the slums of Tokyo and other Japanese cities.

These scenes, witnessed during the middle two weeks of May, 1937, have become common enough at all the customs barriers outside of Tientsin as the smugglers grow bolder and more desperate under the protection of the Rising Sun flag. All the eye witnesses required to convince any fair court in the world can also be brought forward to prove that uniformed soldiers of the Imperial Japanese Army also have accompanied these smugglers' trucks on their journeys into the interior of Hopei province, despite the denial by the Commander of the Japanese Army in Tientsin who said the Nanking Government had "insulted" the Army when it protested against mili-

tary protection for the smugglers.

The fact that the customs officers permit the smugglers' trucks to pass the customs barriers without any apparent attempt to halt them, in cases where armed bandits accompany them, has fooled many local observers into believing the customs had ceased its efforts to prevent the goods leaving Tientsin. It also fooled the smugglers—but not for long.

W. R. Myers, Commissioner of Customs in Tientsin, has followed a deliberate policy of "avoiding Sino-Japanese incidents" and giving the Japanese cause for further aggressive action. His orders to the customs officers at the various barriers is to permit trucks escorted by the armed ronin to pass unmolested and not risk their own lives foolhardily. Customs officers are still unarmed and many times have been attacked by mobs of Japanese and Koreans, fully armed. Open warfare would be suicide.

Yet the smuggling of goods has been reduced somewhat since its first great spurt in 1935 and predictions are now being freely made that smuggling, as a major Japanese enterprise, may ultimately come to an end. In the spring of 1936, this "special trade" reached dizzy heights, the most authoritative estimates placing the volume at $10,000,000 a month. Figures compiled in mid-June indicated that smuggling for the month may not reach one third of that figure.

Seizures of smuggled goods now exceed any other period since smuggling commenced. The secret of the success of the present policy is that the armed Japanese ronin cannot accompany every truck or sampan (small canal boat) to its final destination and the seizures are made as soon as the ronin leaves. It is estimated that 30 per cent of smuggled goods are seized before they arrive at their destinations. Smugglers' profits are estimated at a maximum of 20 per cent; hence, it is no longer so profitable to smuggle. The risks of seizure by the customs, theft by highjackers and a high percentage of loss through the round-about route of transportation are too great and total losses are now exceeding profits. Before it was possible to insure cargoes of smuggled goods from Japan to the consignee in China, but the insurance companies which previously thrived on that business, will no longer take the risk and the smugglers no longer can obtain insurance. The evidence shows that big Chinese backers of the smuggling trade are now dropping out, after having sustained heavy losses. Most foreign observers in Tientsin now believe that the smuggling business ultimately will be doomed unless the Japanese Government subsidizes the trade, which is not impossible.

The other day, for instance, a huge consignment of sugar passed unmolested through the Tientsin customs barriers escorted by the Japanese and Korean ronin. Through its information sources, the customs were able to trail the consignment the entire distance. When the ronin left and returned to Tientsin, the customs officers, aided by police, swooped down and seized the whole consignment of 2,000 bags, representing a loss to the smugglers of between $50,000 and $60,000. As each smuggling vessel can carry only 80 bags and each truck a maximum of 30 bags, it will be seen how much time and work and money were lost by the smugglers in this single seizure. They cannot keep that up for long.

Imports from the East Hopei area (Yin Ju-Keng's Government), to Tientsin also have declined but a substantial quantity is still flowing into Tientsin and this cannot be stopped until there is a change in the policy of the Peiping-Liaoning Railway, which has been aiding the smugglers in every way possible. The Control Yuan at Nanking recently impeached Chen Chueh-sheng, Managing Director of the railway, because of his alleged insistence on aiding Japanese smugglers and disposing of railway property to the Japanese Army. It still remainds to be seen what action will result. Mr. Chen denied the charges and heaped the blame for smuggling on the customs, but the fact remains that the Peining Railway (Peiping-Mukden line) permits the handling of all the smuggled goods and prohibits customs officers from entering the freight yards to inspect incoming goods. They place the goods wagons in such a position as the smugglers can take delivery whenever they like. The Railway is not in a position to refuse transportataion of the goods but could, if it wished, cooperate with the customs authorities to the extent of allowing inspection and seizure after the goods have been placed in the freight yards and Tientsin and Peiping.

There is no doubt that the smuggling business could be wiped out entirely if complete cooperation was given the Chinese Maritimes Customs by the Peiping Railway.

The attitude of the Japanese authorities remains as before They magnify every minor occurrence into an important international incident. The more financially desperate the situation becomes for the smugglers, the more desperate become the efforts of the Japanese Consulate-General to protect them. Two weeks ago the Japanese authorities demanded the usual apologies and so forth for the alleged firing upon a Japanese smuggling vessel by a Chinese customs cruiser. However, investigation showed that no customs cruiser was in the vicinity where the purported firing took place, at the time stated. A short time later an obscure item in the Japanese press reported that seven Japanese were convicted of highjacking the cargo of a smuggling boat, comprising 47 cases of artificial silk, 77 cases of cotton textiles and 10 cases of sugar candies, and then sinking the boat to conceal their crime.

Many responsible Japanese business men asd firms, particularly the M.B.K., (Mitsui interests) are said to be sick and tired of the whole business and are trying to induce their Government to cease its sponsorship of the illicit business,

which has done them no good. It goes against their pride that these things go on under protection of the Rising Sun flag.

The Hopei-Chahar Political Council has allegedly abandoned its plan for establishing its own customs station at Tsangchow, as urged by the Japanese authorities. The Council has not yet co-operated with the customs in enforcing the laws and seizing the smuggled goods but on the other hand, has not tried to hinder the work of the customs.

The Tientsin customs revenue is now showing a sharp increase. Figures are not yet available for the month of June but preliminary estimates place the total very high. This is due to the return of more normal business conditions in North China and the decreased smuggling. Customs officials are optimistic over the future and regard the smuggling business as being on the verge of collapse. The picture is brighter now than it has been for a year.

It is shameful to record that the Chinese merchants in Tientsin have been dealing in smuggled goods on a huge scale. The Chinese Chamber of Commerce of Tientsin has disgraced itself allegedly opposing the customs efforts to seize smuggled goods in Chinese shops, on the grounds that shops in the Chinese areas cannot compete with the shops in the Japanese Concession unless they also handle smuggled goods. Two agreements were made between the Chamber and the Customs with regard to payment of duties on goods in the shops, but both times the merchants refused to comply. Now a third agreement has been reached and the Customs will dally no more. The new regulations will go into effect on July 1 and from that date the Customs will seize any goods not registered and duty paid.

The new regulations are:

1. All Chinese merchants dealing in smuggled goods, whether their shops are in the native city or foreign concessions, must report their stocks to the Customs through the Chamber of Commerce.

2. Merchants who voluntarily submit their stocks to the Customs abide by the following measures: (a) Once the stocks are reported to the Customs the shops, godowns and accounts of the merchants concerned are subject to inspection by the Customs, (b) Stocks reported to the Customs are subject to inspection before payment of import duties (c) The Customs undertake to deliver in due course the import papers to the merchants concerned, who must pay 30 per cent of the duties immediately. Shop guarantees are required for the remaining 70 per cent in arrears which must be paid within six months. Such shops furnishing guarantees must be registered with the Chamber of Commerce, (d) Full duties must be paid in one installment if the goods thus registered are for disposal in the interior. Goods registered for sale in Tientsin are liable to confiscation if they are discovered in the interior, (e) Merchants must refrain from dealing in smuggled goods are their present stocks are registered. In the future, goods which are found without registration papers are liable to confiscation.

Mr. Myers, Commissioner of Customs, pointed out to the merchants that it is not a question of smuggling so much as of normal and healthy trade which cannot exist alongside an illicit business operated under the protection of gangsters. By permitting time for registration of smuggled goods already in the shops, the Customs proves its position that the question is not of revenue but of stabilizing trade, he maintains.

During the first ten days of June, smuggled goods to the value of $200,000 were disposed of by the Customs. Tenders are now being sought for huge consignments of goods which are now swelling the Customs godowns to a bursting point.

Fifty per cent of the amount received from the sale goes to the informer and 10 per cent to the police who participate in the raids and seizures. The handful of police who seized that sugar, for instance, received $3,000 which is a tidy sum for those whose salary is but $12 a month. This may account in part for the diligence of the police is raiding and seizing smuggled goods but Customs officers declare that the Chinese police also regard the work as a patriotic effort and a sporting proposition, too.

The following table of imports to Tientsin from East Hopei will give an idea of the present trend. The figures for June are incomplete but indicate the sharp decline in the trade.

Period.	*Artificial Silk Yarn*	*Cigarette Paper*	*Piece Goods*	*Sugar*	*Kerosene*	*Sundries*
1935	36,787	3,043	6,609	94,529	—	1,738
1936	89,724	6,127	80,839	1,005,669	220,340	227,885
1937						
Jan.	3,885	172	12,527	58,955	44,413	41,930
Feb.	562	—	3,308	25,060	27,168	21,371
Mar.	631	—	8,020	40,692	31,142	33,796
Apr.	452	104	9,135	41,417	26,260	32,576
May	299	—	8,772	34,407	13,314	28,576
June 1—6	30	—	960	710	810	9,069

Japan Expects Recognition of Manchukuo and North China Position from London Talks

A STATEMENT by Lord Lytton, who was Chairman of the League of National Commission to Manchuria in 1932, to the effect that any suggestion that Great Britain should purchase Japan's friendship by recognizing Manchukuo as a Japanese protectorate should be repudiated as early and clearly as possible, provided a more or less definite indication of the apprehension which prevails with regard to the possible outcome of the formal Anglo-Japanese conversations now proceeding in London.

That Japan's aggression in China has become increasingly painful to Great Britain is obvious and it is equally obvious that there are elements in England, within the Conservative and other ruling groups, which would like to settle Britain's complications with Japan by recognizing Manchukuo as a Japanese protectorate and recognizing Japan's "special position" in North China at least as far south as the Yellow River.

There also are elements in the British dominions, particularly in the south seas, which probably would like to compromise with the Japanese. Only a few months ago a prominent Australian political leader told a visiting Japanese diplomat that the Australians didn't care how far the Japanese advanced to the west to north, but they were deeply concerned at reports of Jap-

anese expansion southward. The Australians, New Zealanders and Britons responsible for their Empire's far-flung possessions in the Orient are apprehensive that if England should become involved in the expected European war, the Japanese would be certain to take advantage of the situation to grab everything within reach of the Nippon Navy.

While officials of the British Foreign Office and the Japanese Ambassador in London have been negotiating informally for a long time and may have already reached a tentative agreement on certain points, the matter was brought into the open by a proposal of J. A. Lyons, Australian Prime Minister, made at the recent British Imperial Conference, that England should take the initiative in negotiating a new Pact of non-aggression with Japan, replacing the various treaties—Nine-Power, Kellogg Anti-War, League Covenant, Naval and other agreements, which Japan has torn up.

In this connection it was of some significance that the Melbourne correspondent of the *North-China Daily News* reported in the course of an article written on June 2 and published in Shanghai on June 29 that Prime Minister Lyons' proposal at the Imperial Conference was not authorized in the sense of prior Parliamentary sanction. The correspondent went so far as to declare that Lyons' suggestion did not have the approval of either Parliament or public opinion. Lyons was charged with exploiting the Imperial Conference for the purpose of strengthening his party's position in the forthcoming Australian elections. By proposing a scheme for "pacification" of the Pacific Lyons was alleged to have attempted to clear his party of a charge of militarism. The correspondent said, however, that the faith of the Australians in collective security was severely shaken as a result of the League's failure to prevent aggression in Manchuria, Abyssinia and Spain and while they would support a Pacific Pact, if the sanctity of treaties could be demonstrated, they would, on the other hand, be unlikely to favor one-sided obligations or allow themselves to be lulled into a sense of false security by any more "scraps of paper that can be torn up with impunity."

A statement by the Chinese Ambassador in London, Quo Tai-chi, that a readjustment of Anglo-Japanese relations in the Far East will make easier a readjustment of Sino-Japanese relations on a basis of equality and reciprocity had a somewhat reassuring effect. But there is no questioning the fact that deep apprehension prevails in China regarding the London negotiations. In addition to this Anthony Eden, British Foreign Minister, declared n the course of a debate on foreign affars on June 25 that there was no justification for anxiety which prevailed in certain quarters that an Anglo-Japanese understanding might be effected at the expense of China. Mr. Eden declared, "I desire to renew the assurance already given that His Majesty's Government has no intention of doing anything of that kind. Britain's relations with the Chinese Government are excellent. We hope and will work for an increase in friendship and mutual trust between all nations in the Far East, and we are convinced that an understanding with Japan would in certain conditions contribute to that end."

That there is however, sound justification for apprehension now prevailing in China was indicated by recent Japanese statements dealing with the forthcoming London discussions, alleging that the London negotiations would be conducted along the folowing lines:

1. Japan to respect the territorial integrity of China.
2. Great Britain to accord recognition to Japan's special interests in North China.
3. Exclusion of the issue of Manchukuon indepedence from the scope of the negotiations.
4. Japan, as well as the United States and France, to make loans to China jointly with Great Britain.

These statements, which have been repeated in practically all the Japanese newspapers, were given special emphasis in an article by a well-known Japanese authority on the Far East named Katsuku Inahara, who is Director of the Foreign Affairs Association of Japan. Mr. Inahara, stated in the course of his article (reprinted elsewhere in this issue) that another objective of the London conference was the revival of the old Four Power Banking Consortium, launched at the Paris Peace Conference, but which was never able to function because of the opposition of the Chinese Nationalists.

In addition to these statements there have been numerous irresponsible declarations in the Japanese press which have created serious apprehension among the Chinese. The *Nichi Nichi Shimbun*, leading Japanese newspaper, declared on June 20 that the real object of the formal negotiations was to form a "joint front consisting of Japan, Germany and Great Britain in the Far East." The writer said that the situation created by the February 26 incident in Japan has made it essential to change Japan's national policy. It was, therefore decided to seek the cooperation of both Germany and Great Britain. Cooperation achieved with Germany had assumed the "superficial form" of the Anti-Comintern agreement, but in actual substance it has amounted to a joint front against the Soviet Union. While the cooperative arrangement with Britain has not yet been reached, Japan's objective was to have Great Britain appreciate more fully than any other country the so-called continental policy of Japan. Thus Japan's objective in achieving Anglo-Japanese cooperation was to "gradually sever the

existing ties between Britain and the Soviet Union, so that it would be possible for Japan, Britain and Germany to work together in harmony in the Far East. The writer in the *Nichi Nichi* also cited the favorable situation in British politics, due to the presence of elements in the Conservative Party which were friendly toward Japan and also the fact that the new Prime Minister, Neville Chamberlain, was similarly well disposed toward Japan. It was even alleged that Premier Chamberlain and other "pro Japanese elements" in the Conservative Party were responsible for the Barnby mission having been sent to Japan and Manchukuo "which, resulted in a revision of many points in the Lytton report." Continuing it was claimed that the subsequent dispatch of the British financial agent, Sir Frederick Leith-Ross, to Japan last year was also a result of a desire on the part of British Conservative elements to cooperate with Japan. The report in the Tokyo paper concluded with the significant paragraph, "It should not pass unnoticed that behind the present British Government's policy of creating an opportunity for Anglo-Japanese cooperation and decision on its East Asiatic policy for Anglo-Japanese rapprochement, there are the hidden activities of the same Chamberlain faction. In other words, Japanese publicists, doubtlessly for domestic political reasons, have told the Japanese people that when Anglo-Japanese cooperation materializes the work of consolidating Japan's continental policy will be completed and Japan will then be in a position to deal positively with both China and the Soviet Union.

Additional light on the objectives of the conference from the Japanese standpoint was provided by a *Domei* telegram from London (June 21) which was published in the *Japan Advertiser* on June 23. This report stated that the informal "exploratory conversations," which have been carried on for the past few months between representatives of the British Foreign Office and the Japanese Ambassador, Shigeru Yoshida, had resulted in a decision to inaugurate formal negotiations with Foreign Secretary, Anthony Eden, regarding the Far Eastern situation. It was stated that the formal negotiations would follow the general lines and understandings which already had been reached in the course of the informal talks. It was stated that Ambassador Yoshida hoped to achieve tangible progress before the summer vacation, in order that an early conclusion could be reached in the fall. It was stated further that conversations would be centered on Anglo-Japanese trade relations, as well as the Chinese question. The Japanese Government was expected to lay emphasis on the adjustment of trade relations in view of the urgent necessity of insuring Japan's industrial development and expansion. Tokyo earnestly desired such trade adjustments in view of Japan's importation of considerable quantities of raw materials and others goods from Canada, Australia (raw wool), and other dominions. It was stated further the Great Britain was particularly desirous to secure stability in the Far Eastern situation, because of the growing uncertainties in European politics. It was claimed that the London authorities were convinced that Great Britain would not be able to do anything in China unless it obtained the previous understanding of the Japanese Government. It was stated that in these circumstances it was believed the British Government would be prepared "to accept, to a considerable extent, Japan's desires in connection with Anglo-Japanese trade relations, if Tokyo would make it clear that it has no territorial ambitions in China and was ready to respect Britain's vested interests in that country." It was alleged that public sentiment in Britain has recently become more favorable toward Japan largely due to the visit of Prince and Princess Chichibu, who headed Japan's delegation to the Coronation.

Another report in the *Nichi Nichi* from London declared that the object of the negotiations was to "restore the spirit of the Anglo-Japanese Alliance." There then followed another "three point" forecast of the scope of the negotiations.

1. Japan will declare she has no territorial ambitions in North China and will pledge herself to respect Britain's rights in Central and South China. Japan also will promise to refrain from adopting a policy of deliberately obstructing British interests. While Britain's membership in the League of Nations prevents formal recognition of Manchukui, England will in actual fact treat Manchukuo as an independent state and a *fait accompli* and will recognize Japan's position in North China, as well as the policy which Japan is pursuing there.
2. Not only will the two nations recognize their respective positions in North China and in South and Central China, but they also will help each other to the extent of extending co-operation to China in finance, banking, railway construction and civil engineering projects.
3. As circumstances do not favor a fundamental readjustment of Anglo-Japanese commercial questions immediately, a policy of gradual alleviation of commercial rivalry will be adopted. Great Britain is expected to promise not to discriminate against Japan any more than at present in trade with British Dominions and colonies. Further, Japan will pledge herself to use more discretion in her trade with the British Empire. This would result in a gradual abolition of trade quotas now in force against Japan in various British colonies.

Further indications of Japanese reactions have appeared in recent copies of Japanese newspapers and magazines to reach Shanghai. Teiichi Muto, editorial writer in the *Tokyo Asahi* charged that Britain was attempting to move the center of world conflict into the Pacific Ocean. It was for this purpose that Britain entered into a naval

agreement with the Soviet Union, which gave the Soviets a free hand in building fortifications and naval vessels in the Pacific. In addition the British have offered the Americans all conveniences to maintain their fleet in Pacific waters. The British also had greatly strengthened their fortifications at Singapore and Hongkong. Britain had become master of China at the expense of Japan and would try to pit the Soviet Union against the Japanese in the Far East. The Pacific non-aggression pact recently debated in the British Imperial Conference was primarily intended to curb the armament expansion of Japan. The British proposal for peace in the Pacific, therefore, was not for the purpose professed by them, but would precipitate friction and an anti-Japanese line-up in this area. Another writer, Kaizo Kaimo, editor of the *Fukuoka Nichi Nichi* declared that, while Japan was looking for empty friendships, Britain was fast dominating Chinese politics and economics and was making preparation for driving the Japanese out of her domain.

However, the more moderate prevailing opinion seemed to be that Japan felt the time to be propitious for inducing Britain to accept Japan's desires on trade issues if Tokyo would make it clear that Japan has no territorial ambition in China and is ready to respect Britain's vested interests in this country.

But, and herein rests the real crux of the problem, what of the attitude of the Japanese warlords? Gen. Hajime Sugiyama, Minister of War, in an address before a conference of prefectual governors on May 19 declared that China "was concentrating on centralization and replenishment of armament and other defensive undertakings based on anti-Japanese slogans . . . As a result China was over-estimating her national strength and this, in turn, had served to encourage anti-Japanese sentiments . . . We fear that China may ultimately resort to sundry steps to obstruct Japan's peaceful advance at its very foundations."

There was a further report in the *Miyako Shimbun* (June 25) stating that the Japanese Army authorities were seriously concerned at a report that Gen. Chiang Kai-shek had instructed the Chinese Ambassador to Tokyo, Hsu Shih-ying, that China's policy now included, (1) abolition of East Hopei as preliminary requisites for any consideration of economic cooperation; (2) complete withdrawal of Hirota's "three principles and renunciation of all policies detrimental to China's territorial integrity; (3) withdrawal of Japanese garrisons from China; (4) cessation of flights of Japanese planes over Chinese territory. This report concluded with the characteristic words, "The Army is keeping close watch on the movements of Chiang Kai-shek and the Nanking Government.

Of final interest, concerning the attitude of the British Government with respect to the negotations with Japan, Lord Cranborne, Parliamentary Undersecretary for Foreign Affairs, in reply to a question declared that Britain in no circumstances would alter any of its treaties with China as a result of the negotiations with Japan—"not even the treaties concerning exterritoriality." But the Undersecretary refused to indicate when China might be brought into the Anglo-Japanese discussions.

Netherlands Increase Naval Strength in Far East

A *Reuter* message from Singapore June 17 stated that The Netherlands Government is answering the plea of its Far Eastern Colonies for stronger land, sea and air defences. Four newly-built mine-sweepers—the *Pieter de Bitter*, *Abraham Crynssen*, *Jan van Amstel* and *Eland Dubois*—will sail from Holland in August to join the Netherlands East Indies naval squadron based on Surabaya, Java, less than 500 miles from Britain's £10,000,000 Naval Base at Singapore. Four other minesweepers have recently been launched in Holland, and will be completed shortly. The new submarine 016, well known for its trip across the Atlantic with the gravity expert, Professor Venig Meinesz, is also being sent to reinforce the Netherlands Indies squadron.

Rome Officially Forbids Italians to Have Sexual Relations with Oriental Africans

The Rome *Official Journal* June 25 contained a decree forbidding Italians to have sexual relations with the natives of Oriental Africa. Violators of the prohibition will be punished with a prison sentence up to five years.

Investiture of King of Egypt Will Be Resplendent Affair

Advices from Cairo state that the investiture of Farouk I as King of Egypt, which will take place at the end of July, when he has attained his majority, will be marked by scenes of pomp and splendor such as have not been seen in Egypt since the days of the Caliphs.

German Cruisers Leave Spanish Waters

The German cruisers *Leipzig* and *Koeln*, accompanied by four destroyers and one submarine, passed through the Channel in an easterly direction June 28. This is regarded by the London papers as a sure sign that the German Government is intent on upholding its intention to refrain from taking any action against the Valencia authorities as long as no new complications occur.

Italian Radio Broadcast Less Virulently Anti-British

Information was sought at question time in the House of Commons June 28 regarding anti-British Italian propaganda in Palestine and Arabia. Foreign Secretary Anthony Eden said the British Government took strong exception to this anti-British propaganda and the Ambassador in Rome had more than once made representations to the Italian Government on the subject. He was glad to inform the House that the tone of the broadcasts from Bari had lately shown improvement.

Sino-Japanese Financial Association Organized in Shanghai

The proposal of the Japanese financial leaders, following the visit of the Japanese Economic Mission to China, to organize a Sino-Japanese Financial Association, was realized when the said association was formally inaugurated at the Lusan Garden (Japanese Garden near Kiangwan Road) Shanghai on June 25. At the inauguration ceremony seven Japanese bankers including the managers of the Yokohama Specie Bank, the Mitsui Bank and the Mitsubushi Bank and 16 Chinese bankers including Messrs. Chow Tso-min, manager of the Kincheng Banking Corporation, Hsi Teh-mou, manager of the Central Bank of China and Chien Yung-min, manager of the Joint Savings Bank, were present.

The purpose of the association is to exchange information regarding the local financial market between the Chinese and Japanese bankers and to plan for financial co-operation between the two countries.

Former Ambassador Ariyoshi Dies at Age of 61

The death occurred in Tokyo June 25, at the age of 61, of Akira Ariyoshi, Japan's first Ambassador to China. He served as Consul General in Shanghai from 1909 to 1920. He then served in various posts abroad, but was recalled to China at the time of the Manchurian troubles. He was raised to the rank of Ambassador May 17, 1935. Hachiro Arita succeeded him in said post in February, 1936.

Britain Would Revive Old Banking Consortium—Japan Pessimistic Over London Talks

BY KATSUJI INAHARA

(Director of Foreign Affairs Association of Japan: Translation from the June issue of Dai Asia Shugi or Pan-Asianism)

OF the many pending issues between Great Britain and Japan, it is those in the Far East that we are most seriously concerned with. Upon assumption of the Premiership by Arthur Neville Chamberlain, former Chancellor of the Exchequer, who is quite familiar with things Japanese, in succession to Stanley Baldwin, negotiations were launched in London to readjust Anglo-Japanese relations. According to press reports, the London talks are being conducted along the following lines: (1) Japan to respect the teritorial integrity of China; (2) Britain to accord recognition to Japan's special interests in North China; (3) exclusion of the issue of Manchuko's independence from the scope of the negotiations; and (4) Japan, as well as the United States and France, to make loans to China jointly with Britian.

Territorial integrity of China is beyond contradiction. That such an incontestable fact should be confirmed once again as to comprise an item in the London conversations is anomalous. There are, however, some people who are still broadcasting groundless allegations that Japan has territorial designs over China, and accordingly she has found it necessary to make her stand clear for all time in order to dispel such suspicions. On May 7 last, War Minister General Hajime Sugiyama told Dr. C. T. Wang, who was en route to the United States to assume the ambassadorial post at Washington,—"Japan has no ulterior objects over China. What she does want is nothing more than economic development of that country."

As for Japan, the territorial invasion of China would require too high a sacrifice, and even if it were realized, it might be too heavy a burden for her to bear.

It is a matter of course that Britain should recognize the fact that Japan has in North China special interests different from those of other nations. In insisting upon such interests, however, Japan should not encroach upon the established rights of other countries. Japan's unique position is justified by two factors: first, North China is contiguous to Manchukuo whose security must be assured by Japan, and second, it is a hotbed for the disintegrating activities of the Soviet Union. Japan, therefore, requires her special position in North China in the same spirit which motivated her to conclude the anti-Comintern agreement with Germany. If the Sovietizing designs reportedly proposed by the Soviet Ambassador to China, D. V. Bogomoloff, should materialize in Inner-Mongolia and Suiyuan, it stands to reason it would be all the more necessary for Japan to build up a high barrier there against such subversive activity.

It is likely, however, that some influential quarters in Britain will voice strong opposition to Japan's activities in North China. Sir Hugh Montgomery Knatchbull-Hugessen, British Ambassador to China, for instance, is reported to hold the view that the United States would oppose Britain's recognition of the special interests of Japan in North China, and that since friendly relations must be maintained between these two English speaking nations, it would be advisable for Britain to avoid such a "disagreeable policy to the other." Britain finds it necessary, for good or bad, to curry favor with the United States in connection with various international issues, such as the latter's interference with European affairs, world economic conference, war debts and naval questions, so she is not in a position to listen to the demands of Japan.

Further, if Britain should come to some understanding with Japan concerning the latter's advance in North China. Japan would be obliged to have the Soviet Union as an enemy. Judging from these circumstances, it is no wonder that Britain is opposed to the special interests in North China of Japan.

The writer believes that Britain must have excluded the issue of recognition of Manchukuo's independence from the agenda of the present talks lest Anglo-Japanese rapprochement should be balked due to the eventual opposition of China. The latter today says in a high-handed manner: "Opposition against Japan is little more than the policy of the weak. Resistance against her is the policy of the strong, and this is the very course China should follow in the future." Even Wang Chao-ming has come to voice such an opinion. It is further reported that Chinese leaders told the Japanese Economic Mission headed by Kenji Kodama, former Governor of the Yokohama Specie Bank, "Economic co-operation between the two countries is something impossible before Sino-Japanese political relations are adjusted." By such words, they rejected Japanese proposals in the economic field, giving priority to the liquidation of local administrations in North China and some other political issues. Some of them even went to the length of hinting at retorcession to China of Manchuria.

Britain Would Revive Consortium

Concerning the issue of loans to China, Britain is inclined to extend financial aid to that country in co-operation with other nations. In a word, Britain intends to revive the Four-Power Consortium. Sir Frederick Leith-Ross, economic adviser to the British Government, visited Japan last year for the purpose of inviting the Japanese Government to join in a projected loan to China. Especially at the present moment is Britain intent on making loans to China jointly with other Powers. Single-handed financial aid to China might indeed yield a good profit but it would entail a great risk, and if Japan should be excluded from the projected consortium and her relations with China remained unadjusted, the possibility for such risk would greatly increase in the future. In the case of joint loans, profits to accrue from them may be small but would be firmly assured. Britain's interests have been expanding rapidly in China, and if her interests should be confirmed at the present moment by the Consortium, it would be something like having the plums drop right into her lap.

However, China until recently was not disposed to accept joint loans from the Powers. This is because, in the event of co-operation among the Powers, China would lose the opportunity of resorting to her long established practice of playing off one country against another to further her own ends. In fact, it is more than probable that China, desiring a certain Power to oust Japan from her territory, intends at present to utilize the influence of British for the purpose.

It is of course hardly possible at present to ascertain whether or not China will rely upon Britain permanently. And, who can deny that the British influence might expand to such an extent that China would find it too much to control? In such an eventuality, China no doubt will approach another Power which is hostile to Britain or wants to take her place in China. As far as the present moment is concerned, however, China considers it best to depend upon Britain. This policy would certainly be discarded the moment that Britain would shake hands with Japan and thus form somewhat of a united front. In this light, China has become nervous over the reported rapprochement between the two Powers and has found it necessary to make strong representations in opposition to Britain's recognition of the Japanese special interests in North China and joint loans by the two parties.

Because of such opposition on China's part, it is doubtful whether the present Anglo-Japanese negotiations will succeed in the long run or to what extent. What is still worse, there is another obstacle in the way toward Anglo-Japanese rapprochement: Although the Soviet Union has not yet made any move against the London talks, there is every possibility that she will design measures to alienate Britain from Japan.

This does not mean, however, that the projected Anglo-Japanese collaboration is absolutely hopeless. As far as Britain is concerned, it is urgent that she should restore friendly relations with Japan, for her influence in China, however, strong it may become, will be constantly in great danger unless Sino-Japanese relations improve much from where they stand at present. This is why Britain should give serious consideration to friendship with Japan and why she has launched the present negotiations in London in order to adjust Anglo-Japanese relations.

The anti-Japanese movement prevailing throughout China, however, is the most serious impediment to that course. As long as China continues her movement against Japan and is opposed to the projected Anglo-Japanese rapprochement, Britain will probably hesitate to effect a restoration of friendlier relations with Japan. Therefore, the adjustment of Anglo-Japanese relations depends upon whether Sino-Japanese relations can be restored to the right track. Unfortunately, since Sino-Japanese rapprochement is difficult to accomplish at present, one may conclude that it is also far from easy to attain Anglo-Japanese collaboration. The upshot is that adjustment of Anglo-Japanese relations is conditioned upon the triangular goodwill among Britain, Japan and China, hence due consideration must be given Sino-Japanese relations as well as Anglo-Japanese relations.

Anglo-Japanese Rivalry in Southeast Asia

BY ERNEST O. HAUSER

(Foreign Policy Association Reports, May 15, 1937)

YUKIO Ozaki, veteran liberal and former Minister of Justice, speaking in the Japanese Diet on February 17, 1937, urged the government to state definitely whether Japan intended to expand to the south or the north. Premier Hayashi replied on behalf of the government that "Japan cannot always concentrate on one direction. We have to use our power in accordance with prevailing circumstances."

Japan's expansion in recent years has taken place chiefly in two directions. The northward thrust, which aims to give Japan a foothold on the Asiatic continent, especially in Manchuria, Mongolia and the northern provinces of China proper, differs in cause and effect from the thrust toward the countries of southeastern Asia. The two movements, however, are but different aspects of a single expansionist policy.

Recent developments in the Far East suggest that Japan's drive in the north, which had reached its peak with the conquest of Manchuria in 1931-1932, is beginning to slow down. Disappointment with the actual benefits derived from Manchukuo has supplanted the enthusiasm of Japanese capitalists who sponsored the Manchurian campaign five years ago in the expectation of large national and private profits. More than a billion yen, aside from military expenses, has been spent on the new state since its conquest, and the returns on this investment are small as yet. Although the time may not be ripe for definitely judging the experiment carried on under Japanese management, Manchukuo has so far proved unrewarding both as an area for settlement of a large percentage of Japan's surplus population and as a remedy for Japan's shortage of markets and industrial raw materials.

At the same time military operations in northern China and Inner Mongolia, which seemed to mark a new stage in Japan's continental drive, have suffered a serious setback. A large part of the Manchukuan troops which marched into Chahar during the unsuccessful Suiyuan campaign are being withdrawn to Jehol. The scheme for an "autonomy" movement embracing the five great northern provinces of China has been put into practice on a very restricted scale, and Japanese pressure on the Nanking Government, owing to a stiffening public opinion in China, has assumed the form of diplomatic negotiations instead of open intimidation.

Prestige of Japanese Army Lowered at Home

These signs may indicate either a definite change of policy or a temporary standstill. Behind this rapidly changing scene, however, are facts from which observers may draw certain conclusions regarding the future course of Japan's foreign policy. They dynamic force largely responsible for the continental drive and its successes has been the Japanese army. With the strong support of both the masses and the capitalists, the army had been able to carry out its program in the north and to secure the appropriations necessary to strengthen its hold on Manchuria and north China. Since 1935 unsuccessful military operations, the revolt of February 1936 and, still more recently, such moves in the diplomatic field as the Japanese-German agreement against the Communist International—for which the military are held chiefly responsible—have served to lower the prestige of the army at home. Large numbers of people whose chances of economic improvement have been upset by military expenditures are beginning to express their discontent, and even members of the army-supported Hayashi government have repeatedly warned the army to keep out of politics.

This situation, which for the present seems to make another northward push improbable, opens new possibilities for Japan's southward thrust. The southward expansion policy had been hitherto overshadowed by developments in the north, enjoying scant popularity and little support from either the masses or the capitalists. Today, there are several signs that the southward expansion policy is about to assume the importance once enjoyed by the army's policy.

While Japan's continental drive is sponsored by the army, whose interests have centered on Korea and Manchuria, the power behind the oceanic or southward policy is the navy, which for historical reasons has focused its attention on the south. Economic and political factors, coupled with deep personal rivalry between army and navy circles, have perpetuated this division of interests to the present day. Professional jealousy is evident from an article published by Professor Tadao Yanaihara, of the Tokyo Imperial University, who, after stressing the failure of the Manchurian policy, declares: "Moreover, because the Navy has no direct connection with the work of development there, some apprehension exists that the continental situation will add only to the Army's prestige . . . and it is not surprising that the Navy is insisting upon southward expansion as one of the national policies."

Japan's economic penetration and the establishment of Japanese settlements overseas are bound to make the protection of oceanic highways a vital necessity for the Japanese nation. The navy's role in protecting these highways would place it in the spotlight of national interest. Moreover, the fact that Japan is an oceanic nation with a natural predilection for the southern seas furnishes a sound basis for a policy emphasizing southward expansion. Finally, there is Japan's lack of raw materials, which has not been satisfied by expansion on the Asiatic mainland. The territories referred to as "south," in the sense of the navy's policy, produce 85 per cent of the world's rubber and 94 per cent of its hemp, possess the largest oil fields in the Far East and abound with iron, tin, sugar and tobacco. The navy's special need for oil must be stressed in this connection.

Private enterprises with vested interests in the south have lined up with the navy in demanding a strong southern policy. Kaichiro Ishihara, an outstanding shipping man and president of the Ishihara Industry and Marine Transport Company which owns large iron deposits in British Malaya, has stated that "Japan's southward policy will solve the political, economic, thought (*sic*), social and other questions confronting it." Until very recently, however, the Japanese government has been slow in recognizing these arguments, and the navy's program has enjoyed a minimum of government support as compared with that given to the continental drive of the army.

Development of Formosa

The natural fitness of Formosa as a springboard for a southern drive has been emphasized by supporters of this program ever since China ceded the island to Japan after the Sino-Japanese War of 1894-1895. Little was done, however, to develop the military position of this southern outpost. Even in recent years it was valued largely because of the facilities it offered for the economic and political penetration of south China. It was only in 1935 that the island's importance as the center of a more far-reaching policy was recognized. The Department of Overseas Affairs approved a Ten-Year Plan for the development of Formosa, whose outstanding point was "the policy of aiding the development of Japanese interests in South China and in the South Seas." The program was to involve an expenditure of Yen 200,000,000.

When Navy Minister Osami Nagano took office in March 1936, he was reported to have reached an understanding with Premier Hirota and Finance Minister Baba under which full consideration was given to the navy's southward policy. As a result of its efforts to enlist the cooperation of the War, Foreign Affairs, Overseas and Commerce departments, the navy came to the conclusion "that the Foreign Office had been too indifferent to the necessity of expansion to the South and should be asked to launch a more vigorous program in this direction."

During the 1936 summer session of the Japanese Diet Mr. Nagata, Minister of Overseas Affairs, stated that "he felt the necessity of Japan's development southwards." He expressed the belief that "Japan's attention has hitherto been engrossed too much with developments on the Asiatic continent." The government's efforts culminated in the creation by the Diet of a new economic body, consisting of two trading companies which were to absorb and unite the various economic interests of Japan scattered over the South Seas area. The companies were modeled after other semi-official large-scale enterprises peculiar to the Japanese system. The "Taiwan Development Company" has a capital of Yen 30,000,000, half of which has been subscribed by the Government General of Taiwan (Formosa) in the form of government-owned land. The control of the company is with the government, the directors and principal officers being named by the Governor General of Taiway with the approval of the Japanese Overseas Minister. The compann is to extend its activities to south China and the South Seas Islands, working in cooperation with the "Nanyo (South Seas) Development Company." The latter body was established on November 27, 1936 with a capitalization of Yen 20,000,000, the government's share amounting to Yen 10,546,000. Its activities are to be carried on in Japan's mandated islands, the Netherlands Indies, French Indo-China and Siam. Shortly afterwards the Japanese Foreign Office, in its desire "to bring into harmony its policies in regard to three areas—Russia, China and the South Seas," established a new "South Seas Section" which handles diplomatic relations with the Philippine Islands, Australia, New Zealand, the Netherlands Indies and French Indo-China.

In Formosa the new policy took the form of striking administrative changes. Admiral Kobayashi was appointed Governor General of the colony, and his rank was raised to equal that of the Ambassador to Manchukuo and the Governor General of Chosen (Korea). It was understood that this office was in future always to be given to a navy man. The Japanese press promptly inter-

preted the move as evidence that the same emphasis would henceforth be placed on the southern policy as on the continental thrust to the north. The island's military defense force was increased to 25,000 men, while the second and third Japanese fleets were combined into a naval unit. A chain of air fields capable of accommodating a full air squadron was constructed. The most significant feature of the change, however, was the fact that the economic and military center of gravity was shifted from the northern to the southern end of the island. Simultaneously, Governor General Kobayashi announced his plan to visit South China, Hong Kong, Indo-China, Siam and the Philippines, "with the object of promoting friendship and advancing trade and economic relations."

Looking south from Formosa, Japan faces a situation entirely different from the continental scene of its northward drive. In Manchuria the army threw its force into a political vacuum, where questions of sovereignty were still partially unsettled and Western interests amounted to nothing more than commercial ties and spheres of influence. In the south, great Western powers guard their colonial empires: the United States, France, Portugal, Holland and, in particular, Britain are the sovereign masters of the territories involved in Japan's "southern policy." Under the circumstances, this policy cannot primarily be one of conquest, as it was in the north. Attempts at territorial encroachment would meet a more formidable resistance than Japan experienced in the outlying sections of China.

The means of advancing southward must necessarily be peaceful. The chief aim of the newly organized, government-supervised machine for southward expansion is economic penetration. Much had already been achieved in this direction by private interests before the navy's energetic propaganda and other circumstances mentioned above induced the government to lend its powerful assistance to these officially neglected activities.

Japan and the Netherlands Indies

The Netherlands Indies—scattered over an area almost as large as that of the United States, covering 736,000 square miles and inhabited by 65 million people—have offered the greatest opportunity for Japanese commercial penetration. The islands hold an important place among producers of tropical raw materials. Before the depression they produced 94 per cent of the world's quinine, 80 per cent of the kapok, 70 per cent of the pepper, 30 per cent of the rubber, 17 per cent of the tea and 10 per cent of the sugar. The islands also possess the only large oil fields known to exist in this region and are now furnishing 3 per cent of the world's crude oil. Their iron deposits, if carefully developed, may prove to be of great significance. Three gold mines are being exploited in Sumatra.

The bulk of these raw materials had been exported to Western countries, which in turn shipped their manufactured commodities to the islands. The policy of the Open Door was long considered an outstanding feature of Dutch commercial policy. Japan's share of total Netherlands Indies imports was very modest until recently, averaging 1.25 per cent over the 1909-1913 period. During the war (1914-1918) this share rose to 10.04 per cent, and from 1919 to 1923 remained at an average level of 9.77 per cent. As late as 1928 the Japanese share did not surpass 10 per cent. In December 1931 Japan left the gold standard, and at the end of the resulting currency race emerged with an exchange rate 20 per cent less than the devalued currencies of the Anglo-Saxon countries. The monetary advantage of the cheap yen, as compared with the currencies of countries like Holland and France which remained on the gold standard, was still more striking. Japanese industry was at the same time well equipped for a gigantic trade attack. Japan's share in the Netherlands Indies market jumped to 16.38 per cent in 1931, and to 30.96 in 1933.

The influx of cheap Japanese commodities had at first been accepted rather cheerfully by the Dutch authorities. Between 1928 and the end of 1932 prices of agricultural commodities—the chief export of the islands—fell to ruinously low levels in the world market. The standard of living of the indigenous population was rapidly approaching a point just short of economic catastrophe. Japanese prices met the island's decreased purchasing power, thus compensating for lower incomes and preventing the growth of discontent among the natives.

Had this development got out of control—and the open door policy did not offer any means of curbing it—the region might have been threatened by a Japanese trade monopoly. Imports from Holland, which had amounted to 33 per cent of the Netherlands Indies' total imports in 1913, had fallen to 12.37 per cent in 1933. Thus the Netherlands, which formerly held first place, moved down to second; Britain, which held second place in 1913, was fourth by 1933; Japan, within two decades, had risen from eleventh place to first. In 1933 imports from Japan exceeded those from Holland, Britain and Germany combined.

The President of the Java Bank, in his annual report for 1934, stated that it was "now practically impossible to name any categories of goods in which the European and American industries can compete with those of Japan." The majority of imports from Japan consisted, however, of cotton piece goods, in which Japanese manufacturers had attained a practical monopoly. Japan's share of the East Indies' cotton textile imports as compared with the share of other manufacturing countries is evident from the following table:

East Indies Cotton Textile Imports

(*per cent of total yards imported*)

	1928	1933	1934
Holland	25.57	4.40	7.34
Britain	27.10	4.04	2.79
Japan	30.82	82.81	83.11

Japan also held a practical monopoly with respect to several other products, such as Portland cement, acetic soda, guano, superphosphates, paint, earthenware and porcelain, tiles, bottles, glasses, electric light bulbs, rubber shoes, cycle tires, umbrellas and bicycles. In addition, Japanese merchants, shippers and bankers made a partially successful attempt to encroach on the retail trade in the islands. What most alarmed the Dutch authorities, however, was the fact that Japan did not buy enough in the Netherlands Indies to compensate for its sales. In 1933 Japan furnished 30 per cent of the Netherlands Indies' imports, but absorbed less than 5 per cent of its total exports. In 1934 Japan exported goods for Yen 158,450,525 to the islands, in exchange for imports valued at Yen 63,464,068. The Netherlands Indies' balance of trade with Western countries, on the other hand, was active. These countries bought the bulk of the colony's products, and were in a position to ask for larger imports of Western goods, even if those goods were more expensive and, generally speaking, not superior in quality to Japan's competitive commodities.

By 1933 the Dutch authorities were in a position to act since the purchasing power of the islands had been in part restored. Rising prices for raw materials had brought about a measure of recovery and economic stabilization which facilitated an attempt to defy the traditional Open Door policy. When a quota was placed on imports of cement in June 1933, in order to protect the only cement factory of the islands, Japanese opinion was aroused. Rumors that the Dutch authorities intended to impose a more extensive restriction scheme involving other commodities and to curb Japanese distribution in the islands induced the Japanese to participate in a conference for the purpose of rectifying the 3 to 1 preponderance of trade. A Japanese-Dutch trade conference, which opened at Batavia in the summer of 1934, lasted for eight months but ended without reaching any agreement. Although Japanese representatives expressed their willingness to buy more from the islands, they would not promise to buy specified quantities of Netherlands Indies' products.

An extensive Dutch restriction scheme was then put into effect. The Crisis Import Ordinance imposed quotas on certain commodities, and their scale was broadened in subsequent years. As an outcome of the ordinance, imports from Japan decreased from Yen 158,450,525 in 1934 to Yen 143,041,225 in 1935, and Yen 129,495,167 in 1936. The growth of Japanese retailing business in the islands is effectively curbed by the Import Licensing Ordinance, which is applicable to more than 50 groups of commodities.

Japanese encroachments on freight transportation between Japan and the islands—until recently a matter of grave concern for the Dutch authorities—has also come to an end. The freight traffic between Japanese ports and the Netherlands Indies had been handled by one Dutch line—the Java-China-Japan Lijn—and three Japanese companies—Ishihara Industrial Company, Osaka Shosen Kaisha and Nanyo Yusen Kaisha. Equal freight rates among these shipping concerns had been stipulated by the Java Conference signed in 1933. Both the Japanese and the Dutch, however, contravened the agreement by granting discounts, and new negotiations for the purpose of eliminating competitive actions were opened in 1934. The Dutch intended to deal with the question within the framework of the official Batavia Conference but this was opposed by Japanese shippers, and the parties therefore agreed to call an independent and private shipping conference in the spring of 1935 at Kobe. Dutch representatives arrived in Japan in February 1935, but the parties did not enter into negotiations because of a deep cleavage of opinion. The freight war went on and, due to a split among Japanese shippers, the Dutch line succeeded in carrying as much as 70 per cent of the entire freight although the Japanese lines had more cargo space.

At this point, since low competitive rates threatened to ruin the shipping lines, both governments took the initiative in directing the freight war. Under pressure from the government, the three Japanese lines merged under the name of Nanyo Kaiun Kaisha, and were headed by an official of the Ministry of Communications. The Nippon Yusen Kaisha, which had not previously operated on the Java run, was induced to participate in the pool. On the Dutch side, the government was empowered by a new bill to require that a certain percentage of goods be imported in Dutch bottoms. On June 8, 1936 an agreement was reached in Batavia between Dutch and Japanese shipping concerns. This agreement, which ended a three-year freight war, allows Japanese shipping lines to carry 64.25 per cent of all available cargo from Japan to the Netherlands Indies and 60 per cent of the homeward cargo, the remainder being allotted to Dutch vessels.

This agreement is of particular importance for future relations between the two countries, since the freight war had been carried on without compromise and caused considerable ill feeling. Other recent signs indicate that the work begun at Batavia in 1934 may yet be brought to a satisfactory conclusion. Japan has been increasing its purchases in the Netherlands Indies, with imports rising

from Yen 63,464,068 in 1934 to Yen 78,186,575 in 1935, and Yen 113,545,919 in 1936. The Japanese share of total exports, which had amounted in 1933 to 4.87 per cent, has risen to 5.35 per cent in 1935. Japan still demands an end to restrictions on Japanese imports and business, but a more conciliatory tone may be discerned and, with the newly devalued Dutch guilder as stimulus for more extensive buying, a trade agreement satisfactory to both parties is not impossible.

The importance of the Netherlands Indies for Japan's southern policy is not limited to commercial aspects. In his book, *Japan Must Fight Britain*, Lieutenant-Commander Tota Ishimaru remarks with regard to the islands: "It is no exaggeration to say that they constitute the strategical key to Australia, New Zealand, and India, not to mention Singapore." Although individual utterances like this may not meet with the approval of the Japanese Foreign Office, the fact remains that the strategical importance of the islands has been recognized by Japan as well as by Britain.

Britain's vital interest in preserving the status quo in the Netherlands Indies is due to their geographic position as a bridge between Singapore and the dominions of Australia and New Zealand. The proximity of the islands and their abundance of natural harbors, moreover, would threaten British rule in Malaya if at any time the Indies were dominated by a strong and possibly anti-British power.

The chief problem, from the British point of view, lies in the fact that Holland is too small and too weak to cope with the task of defending this far-flung empire in the East. It has been said that Holland has retained the islands for two centuries "only by sufference of Great Britain." This does not mean, however, that it is part of the Netherlands policy to depend entirely on foreign, in particular British, help. The Dutch Premier, Hendryk Colijn, explained in a parliamentary statement on February 18, 1937 that the Netherlands, with its colonial empire lying "in a serious danger zone," might become involved "in a calamity of indefinite dimensions." On the same day the Lower House of the Dutch States General passed the Netherlands Indies budget for 1937, which included 95,500,000 guilders for defense as compared with 88,900,000 in 1936. An additional 43,000,000 guilders, it was announced, will be spent for East Indian defense during 1937-1938. The Netherlands now has fifteen submarines in the Indies, which are soon to be increased to eighteen. There are, besides, a torpedo flotilla and three modern cruisers. The new air force-equipment includes forty Glenn Martin bombers ordered from the United States. Submarine and seaplane bases have been constructed on the coast of New Guinea. The Dutch authorities have also taken a strong stand against Japanese attempts at peaceful encroachment on Netherlands Indies territory. A suggestion in the Japanese Parliament that Japan obtain Netherland New Guinea on "perpetual lease" met with the unofficial answer that the East Indies administration would go no further than the concessions granted on Open Door lines. Negotiations conducted in 1933 by Mr. Matsuoka on behalf of the Japanese government for the creation of Japanese air bases in the archipelago also proved futile. Britain appears to be the power behind the firmness of the Netherlands in dealing with Japan. Yet this situation does not necessarily lend credence to rumors of a secret British-Dutch understanding for the military protection of the islands. In this connection, the closely interlocked British-Dutch oil interests may be mentioned. The Royal Dutch Shell Company, through the Bataafsche Petroleum Maatschappij, controls most of the oil putput of the islands. The investments of this Anglo-Dutch concern in the Indies amount to about 600,000,000 guilders.

French Indo-China and Portuguese Possessions

Similar concern for Britain's strategic position in the Far East causes the British Foreign Office to watch developments in the French and Portuguese Far Eastern possessions as closely as in the Netherlands Indies. Both the French and the Portuguese colonies are sufficiently near British possessions to become a menace if held by hostile powers. Neither France nor Portugal would be able to protect those territories against a strong enemy in the East.

In contrast to the Dutch Empire, French Indo-China has not been exposed to largé-scale economic penetration by Japan. The colony covers 285,000 square miles, has a population of 20 million and is rich in partially exploited raw materials. The mainstay of its economic life is rice cultivation. There are also large deposits of high quality coal, resources of wood, tin, phosphates, precious stones, and the possibility of high-quality rubber production. Coal exports to Japan have recently increased, but France's high protective tariff has kept Japan from developing its trade with the colony. By ordinance of August 4, 1932 the French quotas concerning imports from foreign countries were made applicable in Indo-China, and a special ordinance of July 20, 1932 imposed quotas on the import of cotton goods from Japan. Japanese imports entering the colony are also liable to an exchange compensation surtax of 25 per cent of the assessed duties.

During the first nine months of 1936 French Indo-China imported 23,730,000 francs' worth of goods from Japan, as compared with total imports amounting to 707,226,000 francs. For the same period in 1935 the figures were 20,081,000 and 672,975,000 francs, respectively. During the first nine months of 1936, Japan bought goods in Indo-China valued at 46,188,000 francs, or about twice as much as it sold. However slight this percentage may be, Japanese exports to Indo-China have increased during the last three years, along with its imports. The bulk of Japanese exports consists of fresh fruits, vegetables, glassware, cotton goods and tea.

Japanese Trade with Indo-China

	1934	1935	1936
	Yen	Yen	Yen
Exports to Indo-China	2,654,318	4,020,884	4,697,245
Imports from Indo-China	10,620,781	15,010,875	20,151,631

The importance of Japanese-French relations in the Far East, from the British point of view, lies in the fact that the Pacific coastline of Indo-China flanks the route from Singapore to Hong Kong. Moreover, on its continental side, Indo-China dominates the caravan routes leading to the oil fields of Burma and, through Yunnan, into British-influenced Tibet. Diplomatic rumors concerning a growing French tendency to withdraw from the East have consequently been viewed with alarm in British quarters. When Premier Blum took office in 1936 the British Foreign Office became nervous. *Augur*, the *New York Times* Downing Street correspondent, expressed British feelings at that point as follows: "The policies of Premier Blum, or of any other administration in Paris with strong leanings toward Marxism, are a matter of concern from the point of view of British interests in the world. This applies to the position in the Far East . . . The French Socialists are averse to employing force in any form to oblige native populations to remain under the French flag. This fact makes imperially minded people in London apprehensive . . ." Fear was voiced lest a more independent Indo-China would be exposed to Japanese penetration, and it was declared that "if and when a Government of the Left in France thinks it fit to surrender its rights in Asia, British preferential rights on the Indo-China coast must have been reserved in advance."

British ties with the French colony have recently become closer. Since 1934 British shipping has taken the lead in the Indo-China trade, displacing that of both Japan and France; and in 1936 Imperial Airways inaugurated a new service between Hong Kong and Singapore, with a stop at Saigon and Tourane.

Portugal has in the Far East only 7,340 square miles of the 930,000 square miles composing its colonial empire. Its Far Eastern possessions are Macao—only a few miles from Hong Kong—with a population of 157,000, and part of the island of Timor, doorstep to Australia, with a population of 475,000. Timor is said to have rich natural resources of copper, gold, oil and cotton which, however, are not being exploited. Both places have a strategic value in their immediate proximity to the key British positions of Hong Kong and Port Darwin. Japanese economic penetration of Macao is said to be considerable, and it has been rumored that Japan offered to buy both Macao and Timor. Portugal has hitherto refused these offers, partly because of its traditional friendship with Britain. In September 1935 the Governor of Macao, on a visit to Singapore, stated that Portugal knew that "Great Britain would not let Japan take Macao or any of our territories from us."

Britain's Position in the Far East

Singapore, the largest British defense work east of Suez and the strategical center of the eastern part of the British Empire, is built up on the idea of monopoly. This monopoly, resulting from the geographical fact that Singapore dominates the only sea connection between the Indian and Pacific oceans, forms the basis of both its commercial and strategic value. Moreover, Singapore is situated in the center of a circle with a 2,000-mile radius which includes the rich tropical areas of the Dutch, British and French possessions with their vast resources and markets. The significance of Singapore for Britain's position in the East, however, lies in the fact that it safeguards the Indian Ocean against outside raids; that three-quarters of the land territory of the Empire is situated around Singapore; and that Singapore is the one point from which the whole of that area can be effectively defended and protected.

Britain has never had a Pacific battle fleet. Until recently, this section of the Empire was not considered threatened by an enemy. The only power which Britain feared in its Asiatic possessions during the last century was Russia, and this threat vanished when Japan, with British financial assistance, blocked Russian imperialist expansion in the East in 1904-1905.

Japan's advance as a world power after the war has given a completely new significance to Singapore. The inadequacy of British defenses in case of a clash between British and Japanese interests in the East made it necessary to strengthen Britain's position. Modern battleships must go into dry dock about twice a year, but the dry docks in Eastern waters could not accommodate the new bulged type of capital ships adopted after the battle of Jutland as an outcome of submarine warfare. Battleships operating in the East had to go to the West not only for routine cleanings but also for repair in time of war. The nearest dry dock capable of taking modern battleships was at Malta, 6000 miles away. This not only greatly diminished the fighting strength of a fleet, but created the risk that a damaged ship might block the Suez Canal and cut off the Eastern navy from home supplies. For these reasons the establishment of a naval base in the East appeared more urgent than the actual dispatching and stationing of a battle fleet.

The British government considered Singapore—which combined a maximum of strategic possibilities with the facilities of a fine natural harbor—the most suitable point for the construction of a base. The tropical island of Singapore is about 20 miles long and 15 miles wide and commands the 9-mile-wide sea passage connecting the Indian and Pacific oceans. The mere closing of the passage to the East would prove an efficient measure to protect Britain's vast Indian Empire against any Eastern enemy. A fleet operating from Singapore could cover the Dutch, French and Portuguese colonies, Malaya and Siam. It could even provide a handicap for any power attempting to encroach on the Philippine Islands, while a southbound expedition aiming at Australia and New Zealand could be cut off and stopped by a flank attack. In view of these circumstances, the British government decided in 1921 to establish a naval base at Singapore. Work was not begun, however, and when shortly afterwards the victorious World War powers met at the Washington Conference the Singapore project was not mentioned by the British delegation. In the Washington treaty of February 6, 1922 Britain, the United States and Japan pledged themselves not to construct new fortifications east of the longitude of 110°. The prohibited zone included the British port of Hong Kong, but not Singapore, which is situated 355 miles west of that longitude. In 1923 the House of Commons passed the Singapore bill providing for an estimated expenditure of £10,500,000. Work was begun immediately and the base is by now practically complete A huge dry dock was erected and a floating dock, able to house and lift ships up to 55,000 tons, was towed to Singapore from England. The new dockyard is capable of docking and repairing simultaneously two of the biggest ships in the navy. Most of the dredgers, power stations, offices and fortifications have been finished at Seletar, 15 miles from Singapore City, at a spot cleared from tropical jungle. By 1940 the entire base—the largest, best equipped and most strongly defended British base east of Suez—will be completed. Incidentally, four or five of the new battleships which Britain is now building are to be ready at the same time, releasing an equal number of battleships of an older type for use in the East. It is not impossible that the facilities provided by the Singapore base will be utilized by the British to station a permanent battle fleet in Eastern waters.

It has been one of the rules of British naval policy that naval bases should be few and strong. Current developments in international relations may create the necessity for making the Singapore base still more independent and self-sufficient. Italy's growing influence in the Mediterranean, coupled with the possibilities of its air force, have made British passage through that narrow sea a risk. One of the characteristics of Sir Samuel Hoare's policy as First Lord of the Admiralty has been the gradual withdrawal of the fleet from narrow seas into wide oceanic spaces. Britain today is again an "oceanic power," and the alternative route to the East —around Africa—is being investigated. More emphasis will be placed on the mobility of the fleet and thus on strengthening the base of Singapore which is too remote to be reached promptly and safely in case of danger. Adoption of a two-hemisphere standard of naval strength was announced by Sir Samuel Hoare in March 1937 during a debate on navy estimates. The creation of an Imperial Pacific or Eastern fleet was called "the inevitable corollary" of this new standard. The minimum strength of such a fleet was assumed to be 94 vessels, including five battleships and representing a capital outlay of some £70,000,000. This cost would be in addition to the present navy estimates, which call for an expenditure of £105,065,000. The growing importance of Singapore as an air base and vital link for commercial air lines adds to its state of preparedness for modern warfare. Singapore's "monopoly," based on geographic facts, has been skillfully used by Britain.

The chief danger which threatens Singapore is the disappearance of this monopoly. The opening of a second sea connection between the Indian and Pacific oceans would shake the entire position of the British Empire in the East, and questions regarding the possibility of such a connection have been periodically asked in the House of Commons. Britain has been particularly disturbed by rumors hinting at an agreement between Siam and Japan to cut a shipping canal across the narrow isthmus of Kra on the northern end of the Malay Peninsula. This isthmus, which is the divide between the Indian and Pacific oceans and represents the "neck" of Singapore, is only 25 miles wide at its narrowest point. The water level on both sides of the isthmus is the same, and the soft alluvial soil would present no particular technical or financial difficulties. The isthmus—politically speaking—is part of the kingdom of Siam, the only independent native state in Southeastern Asia.

Japan's Relations with Siam

Fear of a close Japanese-Siamese understanding has alarmed British circles ever since 1933, when Siam alone abstained from voting on the Lytton Report of the League of Nations condemning Japan for its action in Manchuria. Recent years have been marked by fairly close cooperation between the two countries. Following the abdication in 1934 of Anglophile King Prajadhipok, the orientation of the suddenly modernized state, experimenting with a still young democracy, has been shifting eastward. In Siam's foreign trade, Japanese imports have conquered the leading place and are still increasing. Systematic exploitation of Siam's little developed natural resources has been started by Japan. The Siamese government employs Japanese agricultural advisers, and plans for extensive cotton cultivation are being put into effect with "surprising rapidity." A Japanese economic mission visited Siam in the spring of 1936 to promote the sale of Japanese goods and to arrange for a supply of Siamese raw materials such as cotton, rubber and tin, for Japan. Railway orders have been awarded by the Royal State Railways, and orders for submarines by the Royal Navy, to the Mitsui Bussan Kaisha. Siamese authorities have recently shown a very unfavorable attitude toward the large Chinese community in Siam, and this attitude has been interpreted by the Siamese press "as a phase of the new nationalism and perhaps also a facet of the new orientation in Siam's foreign policy." In 1935 twelve Siamese officers went to Japan to enter institutions for military training, and arrangements for the training of Siamese naval officers and cadets aboard Japanese vessels are reported. In 1936 the Siamese Defense Minister visited Japan to inspect the Japanese defense system, and a Japanese airplane on a good-will flight landed in Siam, carrying a letter from Japan's Foreign Minister Koki Hirota. New Siamese consuls have been appointed since 1933 at Osaka, Kobe, Nagoya and Yokohama, while the Siamese Consulate General at Singapore was reduced in 1934 to a mere consulate. Until 1931 there was not a single Japanese ship calling regularly at Bangkok. Today four recently built, highspeed, 6000-ton Diesel boats of the Mitsui line and three OSK steamers operate a fortnightly service between Japan and Bangkok. It is reported that Japanese interests have been bidding for control of the Bangkok Dock Company, and the Bangkok branch of the Yokohama Specie Bank—the first Japanese Bank in Siam—was opened in July 1936. Yet with Britain dominating the southern end of Burma, which would have to serve as part of the northern bank of the suggested canal, and with Siamese finances based on a large reserve in sterling, the Japanese "afterthought, Siam," is not likely to enter the stage of realization of the time being.

Britain vs. Japan

Britain's security in the East is affected by several other factors. As long as the European situation remains tense, it will not be easy for Britain to fight singlehanded a well-equipped enemy 10,000 miles from England. The extent to which Britain looks on the United States navy as an asset in the Pacific is purely a matter of speculation. In addition to tangible constituents of military and commercial security, however, there are certain intangible factors which make a comparison between the British and Japanese positions difficult.

Anglo-Japanese commercial competition must take into account a cheap yen and a low standard of living which here and there successfully overcome trade barriers and quota systems. There is, moreover, a marked difference between the British and Japanese capitalist systems. Both are built up on the idea of competing private interests. But the vertical structure of trade interests, which is a considerable source of strength to the Japanese business system, does not exist in Britain. The advantage of this vertical set-up has been proved in the Malayan rubber trade. When Japanese shipping firms were admitted to the Straits-New York Conference regulating freight tariffs on the Malaya-New York run in 1934, they were not interested in carrying rubber. Only three months later, Japanese ships carried 9.5 per cent of the total rubber cargo; in November 1935 more than 50 per cent was carried in Japanese bottoms and Western shippers began to fear a Japanese rubber transport monopoly. This success was due not to the fact that the Japanese granted illegal rebates, but that close cooperation between Japanese buyers and brokers, shippers, underwriters and bankers reduced freight to a mere book entry. Japanese firms were in a position to pay up to half a cent more a pound in Malaya and, because of their inexpensive organization, to offer this rubber at competitive prices in the New York market. An appeal by the Singapore British press to copy the Japanese set-up and be content with smaller profits "in the interest of the Empire" proved fruitless.

In the political field, psychological factors behind the Japanese advance also have to be considered. The territories involved in Japan's southward drive are all colonial possessions of Western powers, with a large indigenous population ruled by a small white minority. In some places, as in the Netherlands Indies, colonial rule is "iron." Colonial authorities would find themselves in a very difficult position if the native populations should support Japanese ambitions. Japanese propaganda has, in several cases, been bidding for native sympathies. When Dutch and Japanese interests clashed in 1934 at Batavia, the Japanese were ready to explain that "in view of the Japanese supply of sundry commodities at low prices and the benefit resulting therefrom, the exclusion of Japanese goods from the Dutch East Indies would be contrary to the interest of the masses in that country." In September 1936 several Malay newspapers in British Malaya received complimentary copies of *The Japan Times*, which contained an article by Masanori Ito addressed to the "people of the East Indies"—meaning an area covering Malaya, Siam, the Netherlands Indies, French Indo-China and the Philippines.

Such statements recall the so-called "Pan-Asia" doctrine for a long time propagated in some Japanese circles, but of which little has been heard in recent years. This doctrine, which aims at the unification of Asiatic peoples under Japan's leadership was revived in 1936 in connection with new Japanese activities in Siam. Commander Ohno, Japanese naval attache at Bangkok, was reported

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Dr. Alfred Sze Speaks on Good Neighbor Policies

The following is the text of an address delivered by Dr. Sao-ke Alfred Sze, former Ambassador to the United States, at the annual meeting of the American University Club, Shanghai, June 29, Judge Helmick presiding.

IN speaking to you to-day on the subject of good neighbors in international relations, a recent statement made by that great South African statesman, General Smuts, on the European situation comes naturally to my mind. This statement was to the effect that one of the prime reasons for the existence of unsatisfactory international conditions in Europe was the fact that the nations were in fear of one another. "Fear," he said, "is to-day the real driving force in our European relations. Fear, the meanest of human motives, is to-day the master of us all."

Certainly, conditions in Europe, as evidenced by the feverish increase of armaments, have not improved, and I cannot but contrast, in my mind, this situation with that which I find in America. Instead of becoming worse, international relations between the nations of the two American continents have improved, and especially is this true as to the feelings and relations between the peoples of Latin America, that is, of South and Central America, and the people of the United States, and it is but justice to the United States to say that this improvement has, in large measure, been due to its enlightened efforts to that end.

It cannot be denied that, until very recent years, the international policies of the United States were viewed with considerable suspicion by the governments and peoples of the American countries. When they saw Porto Rico annexed, Cuba more or less controlled, the Panama region dominated, and countries like Haiti, Santo Domingo, and Nicaragua occupied by United States troops, and their policies dictated, they were not able to convince themselves that the United States was without imperialistic ambitions that might affect themselves. They disliked even the Monroe Doctrine which, though it appeared to serve as a shield of defence for themselves as against possible foreign conquest or intervention, nevertheless it seemed to them to indicate a claim by the United States of a sort of protective overlordship over themselves. This feeling was intensified by the declaration repeatedly made by the United States Government that the Monroe Doctrine was one for which the United States was solely responsible; that the United States had the sole right to define its scope and to determine when and under what circumstances it should be applied.

I mention these factors of fear, at least, of suspicion, because of the extent to which, during the last few years, they have been removed by the "good neighbor" policy which the present administration at Washington has pursued, a policy which it has pursued not only in word but also in deed, and in the economic as well as in the political field. Upon its negative side, this "good neighbor" policy has included a declaration by the United States that, in the future, it will not, for any purpose, send its armed forces across its borders into the territory of a neighboring state, and to this declaration has given a retroactive effect by withdrawing its forces from Latin American countries where they were already stationed. Also, the United States has entered into new treaties with Cuba and Panama which have removed objections felt by these countries to the former treaties.

Upon its affirmative side, the United States has sought to give content to its "good neighbor" policy by negotiating mutually beneficial trade agreements.

As to its policy with regard to non-intervention in the affairs of other American countries, we have the following statement by President Roosevelt in last December at the opening of the Inter-American Conference for the Maintenance of Peace.:

"We cannot countenance aggression—from wheresoever it may come. The people of each and every one of the American republics—and, I am confident, the people of the Dominion of Canada as well—wish to lead their own lives free from desire for conquest and free from fear of conquest, free at the same time to expand their cultural and intellectual relationships and to take council together to encourage the peaceful progress of modern civilization. Our aims will best be served by agreements which bring peace, security, and friendship among us and all our neighbors".

I have dealt upon this "good neighbor" policy of the United States because it has given such a striking demonstration of the extent to which international relations can be improved by enlightened policies which are not only declared but their sincerity shown in actual deeds. At the present time that fear of which General Smuts spoke and to which I referred at the beginning of my remarks, has been largely dissipated, if not wholly removed from the American continents.

A further and striking evidence of the possibility of removing fear and suspicion of neighboring states, however powerful, is furnished by the relations which exist between the Dominion of Canada and the United States. Here there are two states with long contiguous borders and yet without any fear by the weaker of them of aggression on the part of its stronger neighbor. This absence of fear upon the part of the Canadians is not due to the fact that the interests of the two countries are, and have been, identical. By no means has this been the case. There have been in the past frequent controversies,—some of them of an acute character. I need only refer to the War of 1812 between the United States and Great Britain in the course of which Canada was twice invaded by American troops; to the boundary dispute between the State of Maine of the American Union and the Province of New Brunswick of the Canadian Dominion; to the Oregon boundary dispute; to the dispute with regard to the boundaries of Alaska; to the Caroline case arising out of the destruction by Canadian forces of a ship in American waters. Also Canadians have not always seen eye to eye with the United States with regard to fisheries and the killing of fur seals. At the present time, the commercial policies of Canada to the extent that they are embodied in the agreements reached at the Ottawa Imperial Conference, are not regarded with favor by commercial interests in the United States, nor are certain features of the tariff policies of the United States highly approved by the Canadians.

Notwithstanding the diversity of Canadian and American interests and opinions as exhibited by the controversies I have mentioned, Canadians have no fear that armed pressure will be exerted upon them by the people of the United States. The long land borders between the two countries have never been fortified or guarded by troops, and, for one hundred and twenty years, there has been in force an agreement between the two countries that no vessels of war shall be maintained upon the Great Lakes. Certainly, for many years now, the element of fear, of which General Smuts spoke, has played no part whatsoever in Canadian-American relations.

I am convinced that what has happened and what is happening in the Americas presents a proof of what can result from peaceful and cooperative international efforts. There in the Americas one might expect to find a fertile field for fear inasmuch as there is one country so powerful from every point of view that would be possible for it to play the part of an aggressive superpower, and, yet by its policies it has quieted all possible fears of its neighboring states, both great and small.

I have said these things not so much to laud the United States, as to show what has happened in the Western Hemisphere can happen in other parts of the world. I am persuaded that other nations of the world, if they would try, can also succeed to remove fear and suspicion as elements in their international relations and plant in their place a common conviction that they will pursue nothing but mutually friendly and truly cooperative policies.

I feel what I have stated possesses a peculiar significance and interest for the peoples of the Far East. It would be idle to deny that the relations between China and Japan are at the present moment not unsatisfactory.

China has always been an admirer of Japan. Our neighbor had within the short space of a single generation emerged from isolation of feudal military autocracy into a modern-industrialised state. She had under the guidance of a very far-sighted group of elder statesmen assimilated with extraordinary rapidity the material elements of a Western civilization.

But China must develop in her own way, by her own people and according to her own genius. In the words of Mr. Stimson, "She (China) cannot be dominated or driven by outside force into an alien or undesired form of evolution. Hers is the most persistent national culture in the world. Forty centuries have demonstrated that fact. Also the essentially peaceful character of her domestic and internal culture is now the main stabilizing factor of Asia."

I share with Mr. Stimson the hope that, much sooner than now seems likely, Japan will again realize that her own lasting interest is more dependent upon friendly commerce and political relations with China than with any other nation; that such relations cannot be cultivated by a forcible exploitation of China. It will be a red letter day in the history of nations, especially of China, Japan and America, when all fear and suspicion are removed between China and Japan and that the "Good Neighbor" Policy which has been so successfully inaugurated on the Eastern shore of the Pacific shall be introduced and pursued by the nations bordering on the Western shore of that great ocean.

I cannot do better than conclude this short address with the words with which my friend and former colleague Mr. Stimson concludes his great book, "The Far Eastern Crisis":

"Our overwhelming problems will ultimately be solved; they will be solved by progress on the course already charted by mankind, and according to the principles for which the wise, the liberal, and the brave of all ages have labored. It is our business to see to it, through the exercise of faith and courage, that the intervening period of doubt and uncertainty be rendered as brief and innocuous as possible."

Japan Has No Share in Economic Development of South China

BY THE REVIEW'S SOUTH CHINA CORRESPONDENT

WITH £2,700,000 that will be borrowed from British sources for the construction of the Canton-Meihsien Railway (which will be ultimately linked with the Sino-British controlled Kowloon-Canton Railway) and U.S.$7,000,000 for the opening of Whampoa harbour-port to be secured from America, Japan stands alone among the leading Powers with interests in China which does not have any share in the economic development of South China. The reason for Japan's being left in the cold is not far to seek, when it is taken into consideration the extensive anti-Japanese feeling which today still exists in the South, and Kwangsi in particular, against the Japanese occupation of Manchuria and her subsequent encroachment of Chinese territory in Hopei and Chahar. It is for this reason that when the Kwangtung authorities negotiated with the Powers' representatives for loans for Kwangtung's development no approach was made to Japanese interests. At this writing it is interesting to note that in Kwangsi a provincial-wide campaign is still being organised to denounce the Japanese aggression in Manchuria and North China. Newspaper correspondents in Kwangsi write of a steady rise of anti-Japanese feeling there. The anti-Japanese propaganda is being officially encouraged. Even walled cities, in the comparatively backward and secluded far-western Hsiens of the province, are not behind in their demonstration against China's foremost aggressors. A big demonstration was held on June 1 to mark the first anniversary of the Kwangtung-Kwangsi anti-Japanese demonstration of 1936. Parades were part of the day's activities, while the more heated and zealous groups paraded the streets at night, shouting various patriotic slogans. Soldiers, dressed in the new khaki-coloured uniforms, had quite a prominent part in the celebrations.

The same motive which inspired the Kwangtung officials to seek for British and American capital for the economic development of Kwangtung has motivated the same authorities to proceed with great zeal to the opening of Hainan in the most southern point of China to become one of China's naval and air bases. The Hainan project was recently studied with the greatest detail by Mr. T. V. Soong (an executive member of the Standing Committee of the National Economic Council) when Mr. Soong and a party of friends visited that Island. Mr. Soong, who is now in Canton directing the conversion of the Kwangtung paper currency into the national currency standard, will shortly make a second air visit to Hainan. Behind Mr. Soong's visits there is much talk of the development of a railway around Hainan and building more motor-roads and opening of the Island's mineral resources. To most observers the Hainan problem has not been so simple as stated. Behind the official talks of economic development for Hainan there exists a much more important factor why Hainan must be reconstructed and its systems of transport be immediately improved. The most recent occurrences of "incidents" involving Japanese subjects in Swatow and Pakhoi have convinced the Chinese authorities that Japan is only waiting for a better opportunity to extend her much coveted desire to penetrate into southern Kwangtung. The presence of hundreds of Japanese, Koreans and Formosans speaking fluent Chinese in the Swatow-Chaochowfu area is another evidence of the Japanese watchfulness for an opportunity to set foot on Hainan. It has been pointed out by Chinese military experts that without Hainan the coast of Kwangtung will become defenceless and with it Kwangsi will be a total loss in the event of a war between China and Japan. To the Japanese, Hainan has the greatest of strategic value, because that island can be converted with the greatest convenience into a naval base of the Nipponese, and, from Hainan, Japanese troops can enter Yunnan and Kwangsi within the short space of a few days. Furthermore if Japan can get hold of Hainan her militarists will be placed in a much better position to coerce the British naval and air forces in Malaya and Hongkong and the French fighting forces in Kwangchowwan and French Indo-China, which is situated to the south-west of Hainan. Without going again into fuller details on the recent Japanese economic and political designs in the Philippines, it is obvious that if Japan gains control of Hainan Island, the chances for future penetration into the Philippine Islands, which are just across the China Sea from Hainan, will be increased. Army commanders in the South admit that in 1936 when the Japanese sent more than ten warships to Pakhoi following the slaying by the Nineteenth Route Army soldiers of one of their nationals it was indeed a most critical moment for Hainan. It is suspected that Japan was then discouraged from a forceful occupation of Hainan Island, as she did Manchuria in 1931, only because consideration was taken of British business and other interests in Kwangtung and the American influence in the Philippine Islands.

Scheme of T. V. Soong

In outlining his project for the development of Hainan, Mr. T. V. Soong has proposed that the system of transport on the Island must be considerably improved and more roads built. A railway around the Island and better shipping facilities form the other important lines of development. As regards Hainan's communications the Island now has motor roads over fourteen districts It is proposed that on these roads more long distance buses must be run and more lorry-services conducted for the transportation of farm products. Because the Island has a long coast of some 2,000 miles, to have more suitable harbours for the accommodation of ocean-going steamers is another necessity which must be considered. The port of Hoihow at present is Hainan's chief sea port which maintains shipping connection between Hainan and Hongkong, Canton and the outside world. But lack of modern shipping facilities such as those found in Hongkong and other first class shipping centres has hindered the full development of Hoihow's commerce. But Hoihow's ideal geographical position cannot be denied and further money spent on its Harbour and other shipping facilities is full justified. In fact the opening up of more harbours on Hainan will be closely connected with the creation of a naval base there. If commerce and other natural resources of Hainan are given better official attention private shipping owners can be invited to run more steamers between Hainan and Hongkong, Singapore, the Philippines and the French territory to the south-west of Hainan Island.

Better communications for the Island may ultimately turn out to be a great assistance in solving the problem education and other questions involving the many thousands of miao and loi aboriginals. In recent years thousands of the Hainan aborigines have been given proper education and all Communist bandits on the island have been suppressed.

In view of the prevailing peaceful condition on Hainan and the fact that as able a leader as Mr. T. V. Soong is undertaking the development scheme, overseas Chinese should have full confidence in investing their money on Hainan, in which connection they are sure to receive adequate protection from the Chinese troops and authorities.

As regards railway communication between Hainan and Kwangchow (Canton City), it is indicated that as soon as the authorities have proceeded with the construction of the Canton-Meihsien Railway with money borrowed from British banks and other interests, a survey may be started for a railway to connect Canton with Hainan via Samshui (in western Kwangtung), Hoiping, Yeung Chun, Mow Ming, Sui Kai and Hsu Man. The same line follows a scheme which the late Party founder, Dr. Sun Yat-sen, many years ago worked out for the contemplated Canton-Yamchow Railway.

Of momentous interest also is the announcement made in Canton that the American-educated Mayor, Mr. Tsang Yang-fu, has engaged an American consulting engineer from New York to supervise the Whampoa port-harbour scheme. As soon as the American engineer arrives in Canton work will commence for the dredging of the river and warehouses and wharves will go up. By 1938 Whampoa will be a special municipality under the direct control of the Nanking Government. Mayor Tsang, moreover, it is reported, has succeeded in securing another domestic loan amounting to $6,000,000 from Chinese bankers in Shanghai and Canton to help other major reconstruction projects, which have been suspended for some months since the collapse of Chen Chi-tang's government. An interesting visitor to Canton last week was Mr. Ling Hsiung-fan, Managing-Director of the Canton-Hankow Railway, who came south with the special mission of inspecting the point just outside Canton, Shekpai, at which the Canton-Hankow Railway and the Kowloon-Canton Railway will be joined some time this year. Officials are still most reticent about this, as strong opposition exists among certain Canton trade associations (including the shipping companies and importers) against the plan for fear that Hongkong's trade may be benefited at the expense of Canton's. Those in close touch with the situation say that the joining of these two lines is only a matter of time. Leaders stress tha fact that from the military point of view it is thought advisable to have a link with Hongkong, for in the event of war with a foreign country China can depend on Hongkong for its food supply even if her coast is subject to a naval blockade.

Canton, June 23, 1937.

Japan Sells 90 Percent More to Hongkong Than the United Kingdom Does

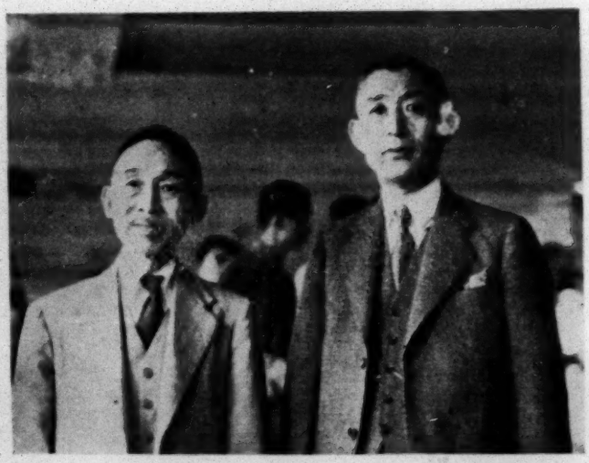
The extent of Japanese economic penetration in the south China market is graphically illustrated in the official Trade Returns for Hongkong for the month of April. Japan has consolidated her position in the Hongkong market to such an extent that she now easily outstrips every country in the world as the principal exporter to that Colony. In April, Hongkong imports from Japan were 90 per cent greater than imports from the United Kingdom. Hongkong purchased more from Japan than from either south or north China. Figures disclose that Japanese exports have leapt from $5,026,622 in April, 1936, to $6,723,220 in the same month this year.

Kawagoe's Statement Disappoints Chinese Government Circles; Kuling Conferences Soon to Open

HIGH LIGHTS IN THE EVENTS OF THE WEEK:

1. **Kawagoe Returns But Nanking Pessimistic Over Future of Sino-Japanese Relations.**
2. **Hsu Shih-ying Still Intent on Resigning Tokyo Post Despite Chiang's Persuasion.**
3. **General Sung Cheh-yuan Prolongs Stay at Loling; Hears Report from Ko Ting-yuan.**
4. **Leaders from All Parts of Country Gather at Kuling for Conferences with Gen. Chiang.**
5. **Dr. H. H. Kung Received by President Roosevelt, Honored at Yale University.**
6. **General Yang Hu-cheng, Sian Coup Leader, Sails Abroad on One-Year World Tour.**
7. **Trial of "National Salvationists" Resumed, All Accused Deny Charges.**
8. **General Ho Named Chairman of Szechwan Military Reorganization Commission.**

Returning from a two-month furlough in Japan, Shigeru Kawagoe, Japanese Ambassador to China, reiterated upon his arrival at Shanghai June 29 his "unswerving conviction" that the time would come for an understanding between Japan and China. "It is true that the atmosphere in both countries is unsuitable for a political readjustment of mutual relations at this time," the envoy said. "But I firmly believe that Sino-Japanese relations can be adjusted by an improvement of this atmosphere," he added. The fostering of better mutual feeling between Japan and China, Mr. Kawagoe continued, was "the duty" of the statesmen of both countries. "Japan does not want war," he remarked, "and I believe that China shares the same feeling. It is conceivable that friction may occur between Japan and China as the two countries



S. Kawagoe (right), Japanese Ambassador to China, shown with Hsu Shih-ying Chinese Ambassador to Japan. Mr. Kawagoe returned to Shanghai June 29.

progress. But it is up to the statesmen and the diplomats of both countries to minimize such friction before it becomes dangerous."

Mr. Kawagoe said that he would proceed to Nanking in "two or three days." He expressed doubts that he would see Dr. Wang Chung-hui, Foreign Minister, as the latter was proceeding to Kuling on July 2. The envoy revealed that he would proceed to China's "summer capital" should the need arise, as the Embassy had rented a house there. "I shall probably leave for North China on July 10," he added. "It will not be to promote closer economic co-operation, but rather to discuss various problems with many experts on various subjects residing in the region," he declared.

Mr. Kawagoe who arrived in the m.sv. *Asama Maru* was met at the pier by Seumasa Okamoto, consul-general in Shanghai and other Japanese officials. Hsu Shih-ying, Chinese Ambassador to Japan, and other prominent Chinese officials, also greeted the envoy on his return.

NANKING PESSIMISTIC OVER FUTURE OF SINO-JAPANESE RELATIONS

While official comments are being withheld, the interview granted to the newspapermen by Mr. Kawagoe before he embarked from Yokohama for China June 25 on Sino-Japanese relations, created a general disappointment in Chinese circles in Nanking. Mr. Kawagoe was reported to have declared in the interview that Japan has come to look to China in a new light, but those conversant with diplomatic affairs in Nanking profess their inability to see any difference between recent Japanese activities in China and those a year ago. The assertion that Japan is having a new conception of China is merely a slogan but still lacking substantiation by facts. It is granted in Nanking that Japan's right of existence and development should be respected but such right must not infringe upon and interfere with the right of existence and development of other nations, because the latter have just as much right to exist and develop as Japan. Herein, it is emphasized, lies the essence of China's foreign policy which is based on the principle of co-existence and co-prosperity. Particularly Mr. Kawagoe's remark that the present conditions in North China are in existence in order to suit "Manchukuo's" natural destiny to exist and develop has aroused considerable worry in the Chinese minds. "Manchukuo" is an illegal organization and China has repeatedly announced her decision not to recognise, and the League of Nations also resolved not to grant any recognition. "Now Manchukuo is even mentioned alongside with North China. This could not help arouse boundless misgivings in the minds of the public regarding Japan's intentions in North China. Then Mr. Kawagoe's declaration that in the matters of Sino-Japanese economic cooperation he would decide whether certain problem should be negotiated with the National Government or the local authorities in the light of its nature is incompatible with the indivisibility of the nation's diplomatic rights. What he said, it is pointed out, still savored of "divide and rule" strategem. As to the Tangku Truce Agreement and the Ho-Umetsu Pact, it is stressed in Nanking, they were created to meet special circumstances of a temporary mature. Since these circumstances are no longer in existence they have lost and they should be abrogated immediately in order to remove the psychological obstacle between Chinese and Japanese and promote early readjustment of diplomatic relations between the two nations. Though foreign powers derived their rights to station troops along the route between Peiping and the sea from the Boxer Protocol provisions, in that protocol have a fixed meaning and restrictions and they must not be freely twisted to serve unsavory purposes, it is pointed out. Obviously large bodies of Japanese garrison troops in North China today go the way beyond the original meaning and scope of the Boxer Protocol and their presence constitutes a great source of irritation to the Chinese people. However, Chinese circles are somewhat gratified over the Japanese Ambassador's promise that drastic measures would be taken to curb the illicit manufacture and traffic in narcotics by Japanese in China.

In their issues of June 28, all Tokyo vernacular papers featured prominently *Domei's* dispatch from Shanghai, giving the salient points of Nanking's reaction to the press interview given by Mr. Kawagoe, on June 24. In addition to the dispatch, the *Tokyo Asahi* also published an editorial of the *Central Daily News* in Nanking on the same subject, regarding it as the steady stiffening of China attitude.

"While Japan has accorded China a new conception, China herself must likewise do the same to Japan in diplomatic dealings between the two countries," declared Mr. Kawagoe during a press interview June 24 prior to his departure of Shanghai. Mr. Kawagoe said that it was his firm belief any country should give any other country a new conception as it grows and shows signs of new development. Only in this way true international understanding may be attained and erroneous misjudgment avoided. "Once I advocated Japan should endeavour to understand China anew," Mr. Kawagoe said. "My statement, however, unfortunately gave cause for some misunderstanding." To understand Japan, Mr. Kawagoe pointed out, means to recognize Japan's right of existence and growth and her relations with "Manchukuo" and North China.

HSU SHIH-YING STILL INTENT ON RESIGNING TOKYO POST

Declaring his ignorance of the Japanese language as a great handicap in his work, Hsu Shih-ying, Chinese Ambassador to Japan, has not yet entirely given up the idea of resigning from his post, *Central News* learns. Though Gen. Chiang Kai-shek, President of the Executive Yuan, has repeatedly persuaded him to remain in his post, Mr. Hsu said that he had not yet decided when he would return to Tokyo.

GEN. SUNG CHEH-YUAN PROLONGS STAY AT HOME TOWN

Gen. Sung Cheh-yuan, Chairman of the Hopei-Chahar Political Council, has asked for another leave of absence of three weeks. Gen. Sung will continue to stay in Loling and Gen. Chin Te-shun, Mayor of Peiping, has been instructed to take care of the important affairs of the Council. Gen. Chang Tze-chung, Mayor of Tientsin, will shortly go to Loling to call on Gen. Sung. Gen. Sung has summoned Yang Chao-keng, Director of the Political Department of the Council, to Loling.

Proceeding to Loling, Shantung, Ko Ting-yuan, representative of the Hopei-Chahar Council, presented June 27 to Gen. Sung Cheh-yuan a detailed report on the recent conference on Japanese problems, called by Gen. Chiang Kai-shek in Kuling, *Domei* reported June 28. The Kuling conference was attended by Gen. Feng Yu-hsiang, vice-chairman of the Military Affairs Commission of the Nanking Government; Hsu Shih-ying, Chinese Ambassador to Japan, and others. It was held on June 21, *Domei* said.

The misunderstanding between General Sung Cheh-yuan and General Chang Tse-chung, Mayor of Tientsin, was an undeniable fact, reported *Wai Lun News Agency*, June 28. The misunderstanding, however, has now been removed, as a result of the good offices of General Lu Chung-lin. General Chang, it is said, has abandoned his policy to co-operate with the Japanese to oust General Sung from the North China regime. General Chang has now personally proceeded to Loling to talk things over with General Sung, while the latter is now expected to return to his work in Peiping within a few days.

EAST HOPEI NOW UNDER CONTROL OF JAPANESE GARRISON IN NORTH CHINA

As a result of the conferences between Lieut.-Gen. Tashiro, commander of the Japanese Garrison in North China, and Lieut.-Gen. Uyeda, commander of the Japanese Kwantung Army in Manchuria, the bogus East Hopei regime has been placed under the direct control of the Japanese Garrison in North China, said a *Lih Pao* report June 24. Yin Ju-keng, notorious leader of the regime, is instructed to take instructions from the director of the Japanese Special Service Department in Tungchow, who in turn is responsible to the Japanese Garrison in Tientsin.

For the development of the communications in East Hopei, Ying Ju-keng is planning to issue bonds amounting to $500,000 for the building of roads in East Hopei.

JAPANESE AIR SERVICE SUFFERS HEAVY LOSSES

The Huitung Aviation Company, a Japanese concern in Tientsin, has announced the suspension of its Tientsin-Pipeing, Tientsin-Changteh and Tientsin-Changpei airlines. This step is understood to have been taken in view of heavy losses sustained by the company from the operation of these routes.

The dissolution of the Huitung Aviation Corporation, an unrecognized Sino-Japanese concern in Tientsin, was demanded by the Kwangtung Postal Association in a circular issued to the nation, June 24.

About 7,000 mow of land in the Changlu salt region has been arbitrarily occupied by a group of "certain nationals." Wood fences have been set up around the land which was left vacant following the recent shipment of salt to Japan. The police authorities have been instructed to conduct an investigation into the use by the Tientsin Municipal Government, which was bombarded with complaints from landowners in the last few days.

"MAINICHI" COMMENTS ON NANKING AND NORTH CHINA

Nanking's reported efforts to "centralize" the troops of North China cannot but lead to a crisis in the already troubled Sino-Japanese relations, the *Shanghai Mainichi* declared June 29. A campaign to bring the northern provinces within the orbit of the Central Government have shown a remarkable progress since the settlement of the Sian incident, the daily said. Thus, Generals Sung Chen-yuan and Han Fu-chu, respectively Chairman of the Hopei-Chahar Political Council and Governor of Shantung, are no longer independent in their dealings with Japan. In every problem involving Nippon, the journal complained, they are obliged to learn Nanking's will, and they no longer have enough self-confidence to reject the central government's interference." At present, the daily added, the two generals are faced with Nanking's order to reduce the strength of their armies. As stressed by Gen. Ho Ying-chin, War Minister, the *Mainichi* continued, Nanking's aims in the north can be summarized as a reduction in the numerical strength of the northern armies and their incorporation within the Central Government's forces. "As long as the problems of North China continue to form the crux of Sino-Japanese relations," the journal said, "Japan will watch Nanking's efforts to strengthen its influence in the north with an intense interest. Under the present circumstances, Japan wants neither a reduction in the existing force nor its strengthening Japan cannot ignore Nanking's apparent intention to trample upon the spirit of the Ho-Umetsu agreement of 1935. If Nanking carries out its plans, the current friction in the relations between the two countries is bound, we fear, to develop into a crisis."

"IRREGULARS" MARCH TOWARD SUIYUAN DENIED, TRAITOR AT TAIYUAN EXECUTED

Current reports to the effect that the Jehol and "Manchukuo" irregulars in north Chahar have mobilized towards the Suiyuan border were unfounded, according to a Kalgan message published in *Central Daily News*, which says that only 500 "Irregulars" have arrived in Kangpao from Linhsi recently. Fifteen hundred volunteers are reportedly attacking Shangtu, and those under Li Ying recently intercepted a dozen motor lorries fully loaded with arms and ammunitions in Dolonor. Prince Lah, another leader of the volunteers, have seized several truck loads of gasoline near Pangkiang. Spreading like wildfire, the populace of Chihsien and Tsinghua in the demilitarized zone also rise up in arms in sympathy with the volunteers. They are heading for Heihochuan and Paihochuan in north Chahar. Wang Ying, the defeated bandit "Irregular" chieftain, is said to have thrown in the lot with the volunteers and donated $2,000 to their cause.

Convicted of spying into the military secrets in Shansi for a "certain country," Wu Chi, a "traitor," was executed at Taiyuan June 24 by the Shansi Pacification Commissioner's Headquarters.

The Tungshengyinchen gold mine at Yenchi near the Kirin-Korea border was recently captured by the volunteers following serious fighting, according to a belated Harbin message published in the *Morning News* in Nanking June 23.

Several thousands of armed peasants in Eastern Hopei under Ma Ting-fu are now marching from Tsunhwa toward Northern Chahar, where they will join the Chinese volunteers in a joint campaign against the Japanese, reported *Min Pao* June 25.

A strong desire for friendship and co-operation with Japan has been expressed by Gen. Fu Tso-yi, Chairman of Suiyuan, in a recent interview with Denjiro Kato, First Secretary of the Japanese Embassy in China, according to *Domei*. Gen. Fu told Mr. Kato that during his recent interview with Wang Ching-wei, Chairman of the Central Political Council, he emphasized the necessity of Sino-Japanese amity. Mr. Kato said he observed no signs of aggravation of anti-Japanese sentiment in the areas he visited. Large military forces, commanded by Gen. Tang En-po, he added, are stationed along the Peiping-Suiyuan Railway, especially in Pingtichuan, Eastern Suiyuan.

GEN. YANG HU-CHENG, SIAN COUP LEADER, SAILS ABROAD

Gen. Yang Hu-cheng, former Pacification Commissioner for Shensi, sailed for America June 29 aboard the s.s. *President Hoover* on an investigation trip, accompanied by Madame Yang, his son, and his secretaries, Wang Ling-ke and Yuan Wei-loh. A large group of government officials and local leaders saw Gen. Yang off at the wharf. In an interview with pressmen aboard the *President Hoover*, Geen. Yang said that although he was commissioed by the Military Affairs Commission to conduct investigations into the military affairs in foreign countries, he would also study the rural and industrial conditions there in his private capacity preparatory to developing his native province. In view of this, he stated, it would take him more than one year for his investigations, as originally scheduled by the Military Affairs Commission. Gen. Yang also revealed that he will first visit America, where he expects to remain for two months. While there he will first study rural industry in North America, and then proceed to New York and Washington to inspect military affairs. He will not stop over at Japan, he said, when he passes the country on his way to America. After his investigations in the United States, he will go to Europe and visit England, Germany, France, Denmark and Italy. Whether or not he will return to China by way of Soviet Russia or the Suez Canal has not yet been decided.

Gen. Yang Hu-Cheng

"NIPPO" COMMENTS ON IMPORTANCE OP KULING CONFERENCES

Great attention is being paid to the complicated elements in the country to participate in the Kuling conferences said *Shanghai Nippo* June 26. It is requested that Gen. Han Fu-chu, chairman of Shantung, will go to Kuling to participate in the discussions and will make clear his positions to the Central Government. It may be recalled that with the despatch of revenue police to Shantung. Gen. Han is being pressed very hard by the influence of the Central Government. Gen. Hu Chung-nan, commander of the 1st Army and Gen. Chiang Ting-wen, Pacification Commissioner of Fukien, will go also to Kuling. No information is available whether Gen. Yen Hsi-shan, Pacification Commissioner of Shansi and Suiyuan, Gens. Li Tsung-jen and Pai Chung-hsi, Commander-in-Chief and Deputy Commander-in-Chief, of Kwangsi respectively, Gen. Lung Yung, chairman of the Yunnan Provincial Government, Gen. Ma Lin, chairman of the Chinghai Provincial Government, will go to Kuling or not. Great attention is also being paid to the movements of Gen. Sung Cheh-yuan, chairman of the Hopei-Chahar Political Council, who has been staying in his native town, Loling and has repeatedly asked for more leave of absence. It is feared that Gen. Liu Hsiang, chairman of the Szechuen Provincial Government, will not be able to go to Kuling.

The important subjects of discussion in the Kuling conferences are reported to be:

(1) The unification of thought,
(2) Economic reconstruction plans in the country,
(3) China's foreign policy toward Japan, and
(4) National policy of China to be submitted to the National People's Assembly to be held in November 12 for approval.

OFFICERS FROM ALL PARTS OF COUNTRY CONVERGE ON KULING FOR TRAINING

Upwards of 14,000 selected personnel are expected to attend the summer training classes in Kuling, under the auspices of the National Government, which will begin on July 4, *Central News* reported June 25. The group comprises army and police officers, magistrates, political, Party and military instructors, middle school principals, New Life Movement workers, and boy scout masters. The objective of the training classes will aim at a general heightening of efficiency in reconstruction and national rejuvenation work. Two six-storey buildings, just complete at a total cost $700,000, will be used for the first time by the training classes. The training classes, which are divided into nine units, will be concluded early next September. A large number of scholars and experts, it is learned, have been invited to give special lectures to the training classes. They include Dr. Hu Shih, noted Chinese philosopher, and Dr. Ma Yin-chu, prominent Chinese economist and Chairman of the Finance Committee of the Legislative Yuan.

An exodus of high Executive Yuan officials, with Kuling as their destination, began June 30, preparatory to a summer shift of Yuan venue from Nanking to the Kiangsi resort, reports *Central News*. Dr. Wei Tao-ming, Acting Secretary-General of the Yuan, and Dr. Franklin Ho, Director of the Political Affairs Department, left together with over 10 secretaries and sectional chiefs. Dr. Wang Chung-hui, Minister of Foreign Affairs, was scheduled to fly to Kuling on July 2. The following Ministers will leave before July 7. Minister of Interior Gen. Chiang Tso-pin, Minister of Industries Wu Ting-chang, Minister of Railways Chang Kia-ngau, Minister of Education Dr. Wang Shih-chieh, and Minister of Communications Gen. Yu Fei-peng. During the month of July all Executive Yuan meetings will be personally presided over by Gen. Chiang Kai-shek, who, it is learned, will return to Nanking some time in August.

Three more officers of the 29th Army left Peiping for Hankow June 26 en route to Kuling to attend the summer training institute which is to open there next month. The previous day a group of officers left for the same destination. The chancellors as well as a number of prominent professors of various Government and private universities in Peiping have received invitations from General Chiang Kai-shek and Wang Ching-wei to go to Kuling and participate in discussions with the high officilas of the Government on national affairs. Among those invited are Dr. Chiang Mon-lin, Li Shu-hua, Dr. Hsu Sung-min, Mei Yi-chi, Li Tseng and Li Ting-yu. The Peiping educators who have been invited, it is learned, go to Kuling in two separate groups. The first group consisting of Dr. Chiang and others expects to arrive in Kuling before July 15 for their discussions with General Chiang, and the others will not start until that day. The discussions will last until July 28. The second group, including Li Ting-yu, Rector of the Sino-French University, will be received by General Chiang on July 25, the conferences ending on August 4. Traveling expenses to Kuling and back will be paid by the Government, but those invited are urged to advance them for their own pockets and charge them to the Government later.

After receiving instructions from General Han Fu-chu, a group of military officers of the 3rd Route Army left Tsinan for Nanking June 25 en route to Kuling to undergo summer training. They are Lieut.-Generals Li Han-chang and Ku Liang-min, Commanders of the 74th and 22nd Divisions, Major-Generals Fan Tien-chieh and Wang Wan-ching, Chiefs-of-Staff of the two Divisions; and Major-Generals Chao Hsin-te, Sun Hsueh-fa, Chen Te-hsing and Yun Chi-chang, Brigadier Commanders.

Gen. Han Fu-chu, Chairman of Shantung, has decided to leave Tsinan for Kuling around July 5 to see Gen. Chiang Kai-shek, according to a Tsinan message to the *China Times*.

Gen. Yu Hsueh-chung, the new Kiangsu Pacification Commissioner, will leave for Kuling early in July to report to Gen. Chiang Kai-shek on the reorganization of his 51st Army.

Gen. Ho Chien, Chairman of Hunan, arrived at Hankow June 28 enroute to Kuling to see Gen. Chiang Kai-shek.

Twelve administrative officials and four police officers, who have been despatched by the Kwangsi Provincial Government to undergo summer training at Kuling, have left Kweilin for Hunan by the Kwangsi-Hunan Highway en route to Kuling.

The quota of professors from the five universities in Canton to attend a "conversational conference" in Kuling will be larger than from any other city, as General Chiang Kai-shek believes that southerners should be given an opportuntiy to understand his leadership and administration, said a *China Press* report June 26. Professors will represent the National Sun Yat-sen University, Lingnan University, Koo Ying-fan University, Kuo Min University and the Kwang Chow University. The chancellors of the last four universities will also go to Kuling.

SZE REPORTS TO CHIANG ON CURRENT INTERNATIONAL SITUATION

Dr. Alfred Sze, until recently Chinese Ambassador to the United States, made a detailed report to Gen. Chiang Kai-shek, President of the Executive Yuan, on the current international situation in Kuling June 24. The report was made during lunch given in honor of the diplomat by the Generalissimo. Another guest at the function was Signor Stefani, Italian adviser to the National Government.

WANG CHING-WEI'S CONDITION CONTINUES TO IMPROVE

The condition of Wang Ching-wei, Chairman of the Central Political Council, who has been lying ill since he suffered a heart attack on June 17, is improving, reported Tseng Chung-ming, former Vice-Minister of Railways and a close associate of Mr. Wang. Prescribed by his physicians, Mr. Wang is undergoing a complete rest. Though still somewhat weak, he is in good spirit and has an excellent appetite. It is believed that Mr. Wang will be able to proceed soon to Kuling to participate in the "summer conference" scheduled some time in July.

DR. H. H. KUNG RECEIVED BY PRESIDENT ROOSEVELT, HONORED AT YALE UNIVERSITY

Dr. H. H. Kung, Vice-President of the Chinese Executive Yuan and Minister of Finance, was received morning of June 29 by President Franklin D. Roosevelt in Washington, according to a special dispatch published in *The China Press*.

As a "leading statesman in his own country and one who has contributed to the establishment of peace and order in the sister republic of China," Dr. H. H. Kung, was given the honorary degree of Doctor of Laws at Yale University June 23. Secretary of State Cordell Hull was similarly honored by President Agell at the graduation ceremony. Professor William Lyon Phelps, noted member of the Yale faculty, presented Dr. Kung with the degree. After receiving the degree, Dr. Kung made the short trip to Hartford, Connecticut by plane to spend the afternoon inspecting the United Aircraft plant.

A large number of State Department officials and more than 100 Chinese residents and students in Washington, headed by their Ambassador, Dr. C. T. Wang, gathered to welcome Dr. H. H. Kung when he arrived at Washington from New York June 27. The Chinese statesman is being accompanied on his visit there by Dr. C. Kuangson Young, Dr. P. W. Kuo, L. T. Chen, and James Yu, Chinese Consul-General at New York. Dr. Kung was greeted on his arrival by several representatives of the State Department, including, Stanley Hornbeck, Chief of the Far Eastern Division of the State Department. Dr. Kung's car, heading a procession of more than 30 automobiles, was driven through downtown Washington streets, escorted by motor cycle police who gave the visiting Chinese statesman's party the right of way regardless of traffic signals. Dr. Kung is stopping at the new 17-acre Chinese Embassy premises, known as the Twin Oaks.

Dr. Kung called June 28 on the Secretary of the Treasury, Henry Morgenthau, and had an important conversation with him. "We talked about the mutual friendship of the two countries, that's all," Mr. Morgenthau said in an interview with *United Press*, adding that an official statement was possible. His reply as to whether the silver question had been discussed, was not definite. Later in the day Dr. Kung conferred with Jesse H. Jones. Official circles in Washington regarded Dr. Kung's visit as an "educational" mission to acquaint the United States, as he had previously acquainted Europe, with the extraordinary progress of China's industrialization and fiscal rehabilitation. He is also, it is believed, seeking to establish an atmosphere favourable to possible grants of credit for specific purposes. The recent visit to China of Warren Pierson, President of the Export-Import Bank, was interpreted as a definite indication of the friendly interest of the United States in China's constructive program. It was believed that Dr. Kung's mission would soon result in a definite announcement in Washington. It was understood that Dr. Kung was not interested in securing foreign credits for new enterprises because current revenues, deposits and foreign balances are regarded as adequate.

Cordell Hull, the Secretary of State, was host to Dr. Kung at luncheon, June 28. Other guests included the Chairman of the Federal Reserve Board, Marriner S. Eccles; the fiscal Assistant Secretary of the Treasury, Wayne Taylor; the Chairman of the Reconstruction Finance Corporation, Jesse Jones; the President of the Export-Import Bank, Warren L. Pierson; the Secretary of War, Harry H. Woodring, and Dr. C. T. Wang. In the evening of the same day financial officials, silver experts, and bankers were predominant among the forty guests attending Dr. Wang's dinner honouring Dr. Kung. The guests included Henry Morgenthau, Jr., Secretary of the Treasury; Wayne Taylor, Mr. Morgenthau's Assistant; Archie Lockhead, stabilization fund expert; Senators Key Pittman of Nevada, William H. King of Utah, Charles L. McNary of Oregon and Elmer Thomas of Oklahoma, and also Marriner S. Eccles, Governor of the Farm Credit Corporation and Mr. Pierson.

LAMONT PRAISES KUNG FOR HONORING CHINA'S OBLIGATIONS

Thomas W Lamont, well-known New York banker, entertained Dr. H. H. Kung, in a luncheon June 26. Over 20 leading bankers of New York several newspaper magnates were invited to meet the distinguished visitor from China. Mr.

Lamont in a speech after the luncheon highly praised Dr. Kung for his achievements. "If I were going to tell you what I think of Dr. Kung's personal character and his achievements in his country, I have to use extravagant words which may displease His Excellency because of his modesty." said Mr. Lamont. "A few years ago Dr. Kung was good enough to have paid me a visit while he was visiting this country." continued Mr. Lamont. During the conversation he told me that if he should ever have the power in government he would do his best to settle all outstanding foreign obligations of China. Since becoming the Minister of Finance, he has kept his word. In addition to consolidating the domestic loans, he has settled foreign obligations such as the Tientsin-Pukow, the Hukuang and other Railway loans. While in London, during two brief interviews, Dr. Kung agreed to an arrangement for the settlement of the Pacific Development Corporation loan. The readiness with which he agreed on the settlement is evidence of his desire to uphold the honor of his country and do justice and fairness to the bondholders." Continuing, the speaker enumerated Dr. Kung's financial achievements and political record with special reference to the difficult period of the Sian mutiny when Dr. Kung was acting as the President of the Executive Yuan, holding the reins of the Government.

In reply Dr. Kung humorously referred to Shansi as the "Wall Street of China," therefore he was at home in the Wall Street. Marco Polo was the first man to introduce the idea of banking from China to Italy, said Dr. Kung. The English obtained the banking knowledge from Italy. Shansi was the home of Chinese banking system. "China has a tradition that one must honor one's debts. Word of a Chinese is his bond, What Mr. Lamont has kindly told you about what I have done is nothing more than upholding that tradition." China's foreign debts should have been settled before this but one reason after another delayed the settlement, thus causing worry and anxiety for all concerned, Dr. Kung continued. China is now a united nation. New chapter in her history is being written. She is on the eve of carrying out a program of economic development. In this gigantic task she welcomes foreign cooperation. America has technical skill and much capital and she is in position to play an important part. Whenever you are ready and wish to investigate into the conditions and possibilities in China, you will receive the hearty welcome from my government and my people."

TRIAL OF SALVATIONISTS RESUMED AT SOOCHOW COURT, ACCUSED ALL DENY CHARGES

After suspension of 13 days, the trial of the seven leaders of the All-China National Salvation Association, on charges of undermining the security of the state, reopened at the Kiangsu High Court in Soochow June 25. The trial, which was temporarily halted on June 12 after an appeal was filed by the accused charging the presiding judges of "suspected partiality," was preisded over by three new judges, namely Chief Judge Chu Chung-chow and Assisting Judges Li Yuen and Chang Tseh-pu. The hearing lasted from 9.30 o'clock in the morning to late at night. In addition to the seven accused, namely Shen Chun-ju, Chang Nai-chi, Wang Tsao-shin, Li Kung-pu, Tsou Tao-fen, Sha Chien-li, and Miss Sze Liang, three others were also brought before the court on allied charges, namely Lo Ching, Ku Liu-hsing and Jen Sung-kao. After the usual preliminary questioning regarding the ages and professions of the accused, the hearing was devoted to individual questionings by the Presiding Judge of the accused revolving around the following points:

(1) The organization of the various National Salvation Associations,

(2) The meaning of "the alliance of all parties and cliques" and "the establishment of unified anti-enemy political rights" as contained in the All-China National Salvation Association.

(3) Words bordering on Communistic leanings as contained in the book, entitled "The Fundamental Conditions for United Anti-Aggression and The Minimum Demands,"

(4) The difference between The People's Unification Salvation Front and the People's Front.

(5) The relations between the National Salvation Associations and Mao Tse-tung and the Communist Party.

(6) Attacks on the Draft Constitution.

(7) Whether there were any connections between the accused and the labor strike in the Japanese cotton mill and the student strike.

(8) What relations did the accused have with Chang Hsueh-liang and their connections with the Sian Mutiny.

(9) The issuance of national salvation intelligence reports, and

(10) The motive for advocating the release of all political prisoners.

The order of priority in which the accused were questioned individually was as follows: Shen Chun-ju, Chang Nai-chi, Wang Tsao-shih, Li Kung-pu, Tsou Tao-fen, Sha Chien-li and Miss Sze Liang. Practically all the accused gave replies similar to those given during the first hearing on June 11, all denying the charges of seeking to undermine the security of the state. All the accused unanimously supported their stand for anti-Japanese aggression and denied being Communists or having any relations with Mao Tse-tung or the Communist Party.

STUDENTS STAGE DEMONSTRATION IN SHANGHAI

High tension existed in the southern part of Shanghai June 27 when many thousands of young Chinese students staged an orderly demonstration to demand a resistance campaign against Japanese aggression and the release of the seven leading members of the All-China National Salvation Association, reported *Tien Hsia Jih Pao* June 28. The mob gathered at about 9 o'clock in the morning. They started to parade through the main streets, but they were prevented from proceeding further by a large squad of police. The crowd shouted Anti-Japanese slogans and sang patriotic songs as they marched through the main thoroughfares. Finally several representatives of the crowd wee permitted to present their demands to the authorities, while the crowd dispersed.

MADAME SUN YAT-SEN ASKS AID OF JOURNALISTS TO SAVE NATION

A conversation was held between 30 Chinese and foreign newspapermen and Madame Sun Yat-sen in Shanghai June 27. While declaring that their movement to ask to share the same fate with the seven accused now detained in Soochow is quite legal, Shen Tse-kiu, who spoke on behalf of Madame Sun, requested the journalists to lend their assistance to such a movement. It is understood that the correspondent of *Havas News Agency* has promised to publish to the world the real facts of the movement.

"MAINICHI'S" COMMENT ON THE TRIAL OF "SIX GENTLEMEN"

Commenting on the trial of the National Salvationists in Soochow, the *Shanghai Mainichi* in its editorial June 28 said:

"The most important feature of this trial is that the salvationists have organized the Anti-Japanese National Salvation Association, in an endeavour to spread anti-Japanese ideas among the Chinese masses, but does not lie in their incitement of the strikes in the Japanese cotton enterprises. Furthermore, their connection with the Communists can hardly be adopted as a point against them during the present period of compromise between the Communists and the Kuomintang. The most important point is their connection with the Sian incident. Their incitement of the Sian military officials to stage a mutiny and detain General Chiang Kai-shek will constitute a grave crime, for which they have to be held responsible. "The party, which is taking a leading active part in the trial is the C.C. Bloc, the highest secret agency of General Chiang. This bloc has exerted every possible effort to work for General Chiang. Thus, it is without doubt that this bloc must have exercised a great influence in the trial of the salvationists. It is the C. C. Bloc which is lurking behind the Kiangsu Higher Court and guarding against the court authorities from coming into compromise with the accused."

GENERAL HO NAMED CHAIRMAN OF SZECHWAN MILITARY REORGANIZATION COMMISSION

The Executive Yuan has appointed the Minister of War, General Ho Ying-ching, chairman of the Committee for the Reorganisation of Military Affairs in Szechwan and Sikong. Generals Ku Chu-tung and Liu Hsiang have been appointed deputy chairmen. The committee also includes General Ho Kuo-kwang, Acting Director of General Chiang Kai-shek's provisional headquarters in Chungking; General Teng Hsi-hou, Commander of the 45th Army; General Liu Wen-hui, chairman of the Organisation Committee for Sikong; and Generals Fang Shao-tseng, Hsu Yuan-chuan, Tang Shih-tseng and Hsia Tou-ying.

"Military readjustment" does not imply the meaning of disbandment, pay cut and bureaucracy, declared Lieut.-Gen. Ho Kuo-kwang, Acting Director of the Generalissimo's Provisional Headquarters in Chungking. Such misgivings are unwarranted, he asserted, for the reorganization of the military units under Gen. Yu Han-mou in Kwangtung and those in other provinces belies this suspicion. Troops having been reorganized, Gen. Ho stated, are always better paid. The military readjustment for Szechwan and Sikong, Gen. Ho explained, has been prompted by the desire of the Central Government to unify the military command in China, which is a common feature in all nations today.

Official notification has been given to Gen. Liu Hsiang, chairman of Szechwan, by the Ministry of War regarding the reorganization of the Szechwan and Sikong troops, according to Gen. Ho Ying-ching, Minister of War. It is reported that 11 principles have been laid down by the Ministry regarding the reorganizationan.

PRELIMINARY ELECTIONS FOR CONGRESS DELEGATES IN SUIYUAN

Chao Pi-lien, Vice-chairman of the Mongolian and Tibetan Affairs Commission, returned to Nanking June 25 from Suiyuan, where he supervised the preliminary elections of Suiyuan Mongolian delegates to the forthcoming National People's Congress.

Under the sponsorship of the Nanking Women's Association, a meeting of women representatives from the various provinces will be held in Nanking from July 1 to 3. Elections of women delegates to the forthcoming National People's Congress and the creation of a National Women's Association will be among the problems of discussions.

Japanese Make Formal Request to Soviets to Withdraw from Amur River Islands

A war atmosphere was created in the Amur region on the afternoon of June 30 when a sharp encounter took place between Soviet gunboats and Japanese and Manchukuo troops. One Soviet vessel was sunk and another disabled in the combat. The conflict occurred less than 24 hours after Foreign Commissar Maxim Litvinov had promised Ambassador Shigemitsu that Soviet troops holding the two Amur River islands would be withdrawn. According to the Kwantung Army, three Soviet gunboats steamed into the channel south of Sennuha Island, about 15 kilometers upstream from Chike, and opened fire on the positions held by Japanese and Manchukuo forces on the southern bank of the river. "Our forces," the communique said, "were compelled to return fire as a result of which one of the vessels was sunk, another was seriously damaged, and the third fled."

In a midnight call upon B. C. Stomoniakoff, vice-commissar for Foreign Affairs of the U.S.S.R., Mamoru Shigemitsu, Japanese ambassador in Moscow, early June 29 made a formal request for the immediate withdrawal of Soviet border troops alleged to have forcibly seized two Amur River Islands about 10 days ago. Mr. Shigemitsu served as Minister to China in 1932.

Following a conference with Army and Navy officials, Japanese diplomats in Tokyo decided to make representations to the Moscow authorities over the activities of the Red border forces, in keeping with the spirit of the Japanese-Manchukuo protocol for mutual defense.

Meantime, the Manchukuo Government repeated its protest with the Soviet Consulate-General in Harbin June 28. The note demanded the withdrawal of Soviet troops from the two islands and punishment of officials responsible for the series of incidents.

Soviet Forces Occupy Disputed Islands in Amur River

Japanese newspapers last week reported increased activities of Soviet troops along the Amur, following repeated protests from Manchukuo authorities regarding violation of its riparian territory by Red forces. According to the reports from Hsinking, Bolshoi and Sennuha Islands, located 15 kilometers upstream from Chike, were occupied by Soviet troops. A force of about 40 men was transported to Sennufa from Pojarkovo on the northern banks of the Amur on June 22, while another detachment of about 20 men was said to be in possession of Bolshoi Island. Fifteen Soviet gunboats were reported to be concentrated on the river around Bolshoi Island and several other armed vessels were said to be in the vicinity of Sennufa.

The Manchukuo Government, according to Hsinking dispatches, contends that the two islands lie south of the international waterway on the Amur demarcating the Soviet-Manchukuo frontier.

The Manchukuo Government issued a statement June 26 announcing its intention "to take, if necessary, appropriate countermeasures to meet the outrageous activities of Soviet guards on the Amur river, including kidnapping of Manchukuo citizens and firing into Manchukuo territory."

Soviets Say Japanese Seizure of Islands Violates Treaties

The *Pravda's* correspondent at Khabarovsk reported June 29 that since the beginning of navigation on the Amur the Japano-Manchurians had created incidents by provocational violations of the water frontier and attempts to seize certain islands on the Amur belonging to the U.S.S.R. The correspondent cited various provocations to prove that the Japanese militarists in Manchuria have evidently set themselves the purpose of disorganizing normal shipping in an attempt to seize a number of islands belonging to the U.S.S.R., in virtue of existing treaties. *Pravda* commented: "The principal aim of these provocations consists in the desire of the Kwantung Headquarters to secure for their ships the possibility of illegitimate navigation along the entire river, including also navigation near the Soviet bank and along Soviet inland channels, to facilitate their espionage and to continue the attempts to seize islands belonging to the U.S.S.R.

Foreign Commissar Litvinov (according to *Tass*) explained to Ambassador Shigemitsu in Moscow June 30 that the Aigun and Peking Treaties, concluded in 1858 and 1860 respectively, state that, "the lands located on the left shore of the Amur River belong to the Russian State, while those located on the right shore up to the mouth of the Ussuri River belong to the Chinese State." No mention was made there regarding the islands, but it was stated, that with a view to greater clarity the established frontier line is marked by a red line upon the map appended to the Treaty. This map was signed and handed to China already in 1861, one copy remaining at the disposal of the Soviet Government, and another must be in the possession of the Chinese Government. Mr. Litvinov produced this map and offered the Ambassador to convince himself that the red line passes south of the islands.

In accordance with its peaceful policy, (Mr. Litvinov said) the Soviet Government never endeavored to settle disputable questions by force of arms, and is always ready to make them the subject of discussion. Adhering to this peaceful practice, Mr. Litvinov proposed to the Ambassador, that both the Soviet and Japanese sides recall the armed forces from the islands, and also the gunboats near the islands, in order to continue diplomatic negotiations in a calmer atmosphere.

Soviets Release Korean Vessel After 20 Days of Negotiation

Culminating 20 days of diplomatic negotiations, the Soviet authorities June 28 released the Korean vessel *Hotoku Maru*, seized at the mouth of the Tumen River on June 8 by eight Soviet guards.

Japanese Officer Says Soviet Army on Verge of Collapse

Major-General Masaharu Homma, who attended King George's Coronation as Aide-de-Camp to Prince Chichibu, on arriving in Harbin June 29 en route to Tokyo asserted that the Red Army is "on the verge of collapse" as a result of the recent military purge. Major-Gen. Homma said he arrived in Moscow a week after the execution of Marshal Tukhachevsky and seven other high officers on charges of treason and espionage for an unnamed foreign country. He was registered, until his departure on June 20, at the same hotel with Marshal Bluecher, Commander of the Soviet Far Eastern Army, who, he added, "was reportedly forced to condemn the eight officers to death to demonstrate his loyalty to Stalin." Major-Gen. Homma disputed the contention that the executions strengthened the Red Army.

Japanese Allegedly Shot Dead by Soviets

Officially described by the Kwantung Army as "a fresh victim of Soviet provocation," Akio Teramura, a Japanese in the employ of the Sankiang Provincial Government, was shot and killed on June 27 while proceeding by boat near the delta of the Ussuri River, it was announced in Hsinking June 29.

2,000 Mongolian Officers Receive Military Training in Soviet Schools

No fewer than 2,000 Mongolian military officers are receiving military training in military academies organized by the Soviet authorities in the Far East, according to reports reaching Tsitsihar, June 20, published in the Shanghai *Nippo*, June 21. It is further reported that these Mongols are receiving practical training in the Red Army units.

Japan Hopes to Emigrate One-Fifth of Her Farmers to Manchuria

Plans for the emigration of one-fifth of Japan's farming population to Manchukuo within the next 20 years are elaborated by the Japanese Ministries of Overseas Affairs, Agriculture and Forestry. The first batch of settlers, totalling 100,000 households, are expected to leave Japan within the next five years. This year's quota has been set at 6,000 households; next year's at 15,000 households; in 1939, 21,000 families will migrate, followed by 28,000 households in 1940, and 30,000 households in 1941. *Domei* says special steps will be taken by the Ministry of Agriculture and Forestry to popularize and encourage farmers in Japan proper to leave for the new State's fertile soil.

Manchuria Immigration Firm to Be Expanded

Creation of a Yen 50,000,000 concern to encourage Japanese immigration into Manchukuo was decided on in Tokyo June 26 by the Manchurian Affairs Bureau, under the chairmanship of Gen. Gen Sugiyama, War Minister. The new firm, to be known as the Manchuria Development Company, will replace the existing similar semi-official enterprise, capitalized at Yen 15,000,000.

The capital of the new concern will be contributed jointly by the Governments of Manchukuo and Japan.

Retired Japanese Soldiers Find Jobs in Manchuria

With Japan's booming industry greedily swallowing all available hands, 78 per cent of the 19,000 soldiers retired between April, 1936, and March of this year, succeeded in finding positions, the Tokyo War Office announced June 25. Of the 3,200 soldiers, who completed their term of duty in Manchuria, 2,300 succeeded in finding positions through the good offices of the Kwantung Army or the detachments stationed in Manchukuo.

New Taxes Imposed in Kwantung Leased Territory

New taxes, from which foreigners will not be exempted, are being levied by the authorities of the Kwantung Leased Territory from July 1. All incomes above 1,500 yen per annum are to be taxed. Corporation taxes are to be increased, and family partnerships, which have hitherto been exempt, will also be liable. Income tax will be fixed on a sliding scale ranging from 1/6th of one per cent to 33 per cent.

Japanese Investments in Manchuria Total Almost Three Billion Yen

Japanese investments in Manchukuo from the time of the Mukden incident in September, 1931, which cost China the loss of Manchuria, to the end of last August totalled, Yen 2,928,716,000, according to the "Manchukuo As It Stands," published by the Manchuria information Society of Hsinking. The figure does not include investments prior to the date. Counting pre-incident activities, actual Japanese investments in Manchuria are believed to total at least Yen 3,400,000,000. In addition, direct expenditures by the Japanese Government for the past six years amount to Yen 1,067,528,000. The aggregate is thus Yen 4,467,528,000. This enormous amount of money is permeating the State and financing economic activity by Japanese.

Of the total, about Yen 1,700,000,000 was invested before September, 1931. The South Manchuria Railway distributes this as follows: 30 per cent in transportation; 11.6 per cent. in finance; 6.7 per cent in commerce; 16.2 per cent in agriculture. forestry and mining; 9.2 per cent in industry; and 26.3 per cent in other enterprises.

Yuan Chen-tu Appointed Ambassador to Tokyo

Yuan Chen-tu, who was Minister of Education in Hsinking, until the department's abolition last month, was appointed June 23 by the State Council to succeed Hsieh Chieh-shih as Manchukuo Ambassador to Japan.

Mr. Yuan was born in Fengtien Province 45 years ago. He attended the South Manchuria Medical School and was later in charge of hospitals in Mukden and Kirin. With the creation of Manchukuo, he became chief secretary of the Fengtien Provincial Government in 1932. A year later he went to Hsinking as director of the capital construction office and in 1935 became Education Minister. He is about six feet tall, has a reputation as a statesman and speaks Japanese almost perfectly.

Manchukuo Exempts Heavy Machinery from Customs Duty

Machinery for coal liquefaction, hydro-electric power, gold mining and the manufacture of light metals will be exempt from import duty into Manchukuo effective immediately, telegrams from Hsinking June 26 stated. By waiving this duty, amounting on the average to 14 percent ad valorem, the Hsinking authorities intend to promote the early realization of their five-year plan or industrial development.

Manchukuo to Control Agriculture

Strict control of the production and distribution of agricultural staples in Manchuria, with a view to strengthering the Manchukuo-Japan economic bloc, was decided on by the Hsinking Government, June 25.

S.M.R. Authorized by Manchukuo to Organize Mining Concern

The Manchukuo Government recently granted a charter to the South Manchuria Railway Company for organization of a 50,000,000-yuan gold mining concern. The firm is to be established for operation of the Tsangchih and Chingyuan mines along the Kirin-Mukden Railway and several mines in Jehol.

Army-Sponsored Group to Tour Soviet-Manchurian Border

An Army-sponsored party of about 200, including members of the two Houses of the Diet, educationalists, industrialists and newspapermen, will leave Tokyo shortly on an inspection tour of the Soviet-Manchukuo border. The three-week tour will be managed by the South Manchuria Railway Company, the Kwantung Army and the Manchukuo authorities.

Dr. Paul Monroe Visits Manchuria

Dr. Paul Monroe, director of Teachers' College, Columbia University, and an American representative to the forthcoming World Educational Congress in Tokyo, arrived in Hsinking June 26 accompanied by Mrs. Monroe, their daughter, and Dr. Roy Akagi, advisor to the South Manchuria Railway Co. Dr. Monroe and party later proceeded to Tokyo.

Mongols Decline to Send Envoys to Fourth Manchuli Talks

Stating that all its high officials would have to remain in Ulan-Bator to attend a series of celebrations early in July, Outer Mongolia has declined to send representatives to the proposed fourth Manchuli conference until July 20, Manchukuo officials announced June 28. The Outer Mongolian delegates to the third parley returned to Ulan-Bator early in June.

Russian reports stated that the conference, resumed on Oct. 15 last year, was suspended on May 29 because the Manchukuo delegates failed to attend a scheduled meeting pleading indisposition It was later ascertained, Moscow dispatches alleged, that they had gone to review troops.

Economic Relations of Korea, Japan and Manchukuo Discussed at Dairen Conference

Plans to unify the economic relations of Korea, Japan and "Manchukuo were discussed at a joint meeting held of the Kwantung Army, the North China Japanese Garrisons and the Governor of Korea meeting held in Dairen June 28.

Preparations are now being made to expand the Government's five-year gold production plan, aiming at an annual production of Yen 200,000,000 worth of gold to Yen 30,000,000.

Chinese in Manchuria Ordered to Plant Cotton—Patriots Killed

A pathetic account of the existing conditions in Manchuria was given by a person who returned to Shanghai last week from the so-called "Paradise." According to this person's statement printed in the *Ta Wan Pao* June 23, the Japanese have prohibited the Chinese peasants from planting rice or wheat, but must plant cotton in order to supply the Japanese with sufficient raw materials for Japanese industry. For the purpose of enforcing their orders, the Japanese have established special organs in the various districts to supervise the work of the peasants. The most ruthless action of the Japanese, according to the account, was the killing of many young patriots or volunteers by the Japanese. Police hounds, are being used to track then down.

Japanese Build Many Hospitals in Manchuria—War Needs Envisaged

The *North China Daily News* correspondent at Harbin under date of June 16 stated that the large sums being spent on hospitals at important spots on the railway lines in Manchuria are attracting the attention of observers of the general situation, as the number and the sizes of these buildings seem to be much larger than what is necessary for the civilian population. It is several years since the huge hospital was opened at Mukden, and at that time, it was generally considered as being more for soldiers in the event of war, rather than for civilians. Now it is learned here that another $200,000 has been allotted to the repairs of the hospitals already erected, and another $150,000 is to be spent on a new hospital at Mutankiang, the new town, almost on the borders of Soviet Russia in the East. That all these hospitals have been built or are building for the benefit of the civilian population, is not credited by the man in the street, specially as the White Russian population continue to harp on war with Soviet Russia, and consider that the whole of the railway schemes as well as many other economic enterprises, are being carried out to facilitate the movements of Japanese tropps should the moment arrive.

Huge Business With Outer Mongolia Conducted by Shanghai Firm

The *China Press* June 25 called attention to the fact that a $10,000,000 annual trade with the pastoral tribesmen of Outer Mongolia is today being conducted by a Shanghai firm—the Oriental Trading and Engineering Corporation with offices at 666 Szechuen Road. Incorporated in America, the Mongol trading company has as its manager in Shanghai A. Purpiss, a British-naturalized Latvian; the assistant manager is A. Ehrenlieb, an Austrian. Other employees of the firm who work in its branch offices in New York, Chicago, Hankow, Chungking, Kalgan, Tientsin and other places include Americans, Germans, Russians and people of other nationalities. The corporation, which moved its head offices from Tientsin to this city in December last year, does exclusive trade with the Mongols by virtue of an arrangement with famed Wostwag, a German-registered firm to which the Mongolian authorities had turned over the sole rights of doing export and import business.

Chinese Residents in Osaka Contribute $12,500 to Drought Relief

The Shanghai Philanthropic Association has received a donation of $12,500 from the Chinese residents of Osaka for drought relief in the six provinces of Szechuan, Shansi, Shensi, Kansu, Honan, and Kweichow, the General Relief Commission, announced in Nanking last week.

Of this sum, $7,500 was remitted to Szechuan, and $1,000 each to Shansi, Shensi, Kansu, Honan and Kweichow, in deference to the wishes of the donors.

Sir Robert Hotung Donates Another $50,000 for Flood Relief—Is Entertained at Reception

Sir Robert Hotung, Hongkong industrial magnate, last week made another donation of $50,000 toward the famine relief fund of this latest contribution, (according to *Central News*), Sir Robert specified that $40,000 be used for relief in Szechwan and $10,000 in Kweichow. Sir Robert was the guest of honor at a tea reception at the Park Hotel in Shanghai June 28, given by Gen. Chang Chun, Secretary-General of the Central Political Council and Chairman of the Szechwan Famine Relief Commission, and Wu Ting-chang, Hsu Kan, O. K. Yui, and Mr. Tu Yueh-sen, honor Vice-chairman of the Commission.

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Drug Addict Executed in Peiping After Fifth Arrest

Liu Tsung-pin, a 29-year-old drug addict, was executed at Peiping June 23 by order of the Peiping Pacification Headquarters. Liu, who had been arrested and sent to the drug clinic four times, was sentenced to death when he was arrested for the fifth time last week.

Huge Drug Manufacturing Plant to Be Erected at Changpei

Reportedly determined to minimize the resistance power of the Chinese, "certain quarters" are planning the establishment of a $2,000,000 drug manufacturing plant at Changpei, in North Chahar, *Central News* messages from Peiping June 22 stated. The plant, when in operation, will be capable of turning out large quantities of narcotic drugs for sale at very low prices to the Chinese, with distribution stores in every district in that region.

Fukien Opium King Said to Have Been Arrested in Foochow

The *North China Daily News*' correspondent at Amoy under date of June 17, reported the arrest at Foochow of the Opium King to whom was farmed the opium monopoly for the Province of Fukien. He lived in a beautiful house in Amoy, beyond the Municipal area. Some time ago this house was the scene of a tragedy. A girl, whom he bought, looked after it as housekeeper. One night he returned late and discovered the gardener and the housekeeper asleep together. He shot the girl dead, but the gardener escaped with a wound. A number of other crimes are attributed to him, but money has always allowed him to escape the net of justice. Last year, so it is said, he was granted a licence to sell morphia, cocaine and similar drugs from the Monopoly Department of Foochow—be this as it may, the use and distribution of these drugs, during the past year, has risen throughout the province to a phenomenal degree.

Licensed opium shops have been decreased and are supposed to decrease annually until they disappear, but sales of opium and other drugs still soar. Traffickers in cocaine and morphia and addicts have been shot in many places, but the drugs are sold competitively with the less harmful opium.

The Opium King before he left Amoy for Foochow explained that he would certainly return before June 12. Two days ater came the rumor that he had been arrested. The police, however, said he had not been arrested, but had probably disappeared because he was afraid to return to Amoy. His business office at Amoy was deserted and the manager crossed to Kulangsu to stay, but the private secretary was arrested and sent on to Foochow. Money still comes pouring in to the office from outlying districts to purchase opium, but the doors are closed, only a coolie or two remain, and five policemen guard the premises. In the adjoining cities subordinates have run away, taking all books and papers with them, and there, too, the police are guarding the property. It is rumored that the Opium King and an official in the Opium Department of Foochow worked together, hand in glove, in their own interests, depriving the State of revenue.

Opium Smugglers at Amoy Defy Customs Authorities

The attempt of the Customs authorities to seize a large consignment of opium in Amoy, June 28 was frustrated by the firing of a number of shots by the Formosan smugglers. Only 6 packages of opium valued at $10,000 were seized. On the same day the Customs authorities confiscated 26 bales of artificial silk smuggled to Amoy from Japan.

Egyptian Narcotic Bureau Says Chief Source of Illicit Drugs Is North of Great Wall

The report by Col. T. W. Russell, of the Central Narcotics Intelligence Bureau of Egypt, published in Cairo, contains the important statement that the fact is now beyond dispute that the world source of illicit white drugs to-day is China, north of the Wall and for some distance south of it. These areas are either under direct or indirect Japanese control. The report, Colonel Russell's eighth, describes Egypt's part in fighting the drug menace. The chief market for this Chinese heroin, Colonel Russell is quoted by the *Manchester Guardian* as saying, is America, and the road is by way of the Suez Canal, thereby constituting a graxe menace to Egypt.

Judicial Yuan Issues Order Against Indiscriminate Detention of Suspects

Criminal suspects should not be indiscriminately detained, according to an order from the Judicial Yuan to the Ministry of Judicial Administration. A similar circular order has also been issued by the Yuan to the Presidents and Chief Procurators of the various Provincial High Courts. The order points out that suspects against whom criminal charges have been brought are generally poor people who can produce neither cash nor shop bail. Consequently, the provisions limiting the detention of criminal suspects on bail often remain a dead letter, and are seldom enforced. This is contrary to the idea of mercy, the order stated.

Work on 300-Kilometre Shihchiachuang Railway Postponed Because of Chinese Opposition

ACCORDING to a statement made by Major J. Ikeda, economic counsellor of the Japanese garrison headquarters in Tientsin, May 29, the capital of the Tientsin-Shihchiachuang Railway, (which measures about 300 kilometers) has been fixed at $24,000,000. The Japanese Hsinchung Company would be responsible for the technical and material side of the line. Work on the road, however, has been postponed on account of the opposition of the Chinese public who fear that the line would be used by the Japanese for military purposes.

Regarding the exploitation of the Lungyen Iron Mine, Major Ikeda said that it has not yet been decided whether the capital will be jointly invested by both parties or in the form of loans. While the property of the mine is worth $6,000,000, only $4,000,000 is needed to carry out the plan. The iron exploited will be refined into steel which will be used for the development of heavy industries in North China. He denied, however, that the products would be exported to Japan.

Plans for the construction of Taku Harbor and the improvement of the Haiho conservancy work, Mr. Ikeda said, though important for the economic development in North China, are premature and no decision in this connection has been made.

President of Hsinchung Company Makes Fruitless Trip to Taiyuan

S. Sogo, president of the Hsin Chung Company, a subsidiary of the South Manchuria Railway organized last year in Tientsin for the exploitation of the economic resources of North China spent several days last week at Taiyuan in order to investigate the economic resources of Shansi as well as to enlist the cooperation of General Yen Hsi-shan, Pacification Commissioner of Shansi and Suiyuan.

It was stated in Chinese circles in Peiping that the negotiations between Mr. Sogo and Li Shih-hao, Chairman of the Economic Commission of the Hopei-Charhar Political Council, and Lu Chung-yu, president of the Lungyen Mining Company, had not met with much success.

A *Central* message from Peiping June 16, noting the return of Mr. Sogo, quoted Li Shi-hao as saying that no progress had so far been made concerning the projected construction of the Tsingchow-Shihchiaochuang Railway and exploitation of Lunyen iron mines, due to the absence of General Sung Cheh-yuan from Peiping.

Mr. Sogo denied the suggestion that the Japanese were bringing pressure to bear on the Chinese authorities in connection with the Tientsin-Shihchiachuang railway project. Referring to the Hsin Chung Company, Mr. Sogo said it was formed as the result of the Chinese economic mission to Japan in the autumn of 1935 and that its purpose was to facilitate economic cooperation between China and Japan. The scope of the company was not confined to North China, as it had branches in Shanghai and Canton. Its policy was to emphasize fair play and make friends with the Chinese people, he said. Mr. Sogo referred, in an interview on his return, to the fact that before the Meiji Restoration Japan maintained an anti-foreign policy but later she had to abandon it in favor of a more progressive policy with the result that she became to-day a strong Power. If Japan had resisted change and stuck to her policy of isolation and opposition to foreign ideas, it would not be difficult to imagine what would have been her position to-day. If China wanted to become strong and wealthy, said Mr. Sogo, she must abandon her anti-foreign policy. Every country to-day wanted to extend its foreign trade abroad and no country wanted to keep its products at home or let its natural wealth remain undeveloped. In conclusion Mr. Sogo expressed his firm belief that the mission and good-will of the Hsin Chung Company would be eventually understood and appreciated by the Chinese people.

In his weekly interview with Chinese newspapermen in Peiping, June 18, Major Imai, the Japanese assistant military attache in Peiping, said that the situation in North China was quiet and peaceful. He denied the reports appearing in the Chinese press about the activities of Chinese volunteers in various parts of North Charhar.

Dealing with Mr. Sogo's discussions with Li Shih-hao on Sino-Japanese economic co-operation, Major Imai said that so far as he knew, no definite results had been obtained.

North China Authorities Discuss Re-Opening of Lungyen Mines

Because of the strong opposition from Chinese quarters, Sino-Japanese negotiations regarding the re-opening of the Lungyen mines are proceeding secretly in Tientsin between representatives of the Hopei-Chahar Political Council and the Japanese military authorities, the *Hwa Mei Wan Pao* of June 27 stated. It is reported that the representatives have agreed to organize a Sino-Japanese company for the re-opening of the mine.

President of Bank of Chosen Urges Increased Japanese Investments in North China

Declaring it is not too late for Japan to start the work of developing North China, but that it will be a difficult task, Keizaburo Kato, president of the Bank of Chosen, who was a member of Japan's economic mission to China, in a recent statement said: "Great Britain is developing China economically, in co-operation with the Nanking Government, as a result of the understanding reached through the efforts of Sir Frederick Leith-Ross. Although the Japanese public emphasizes the importance of developing North China, it is not an easy task.

"Rumors are circulating that the Japanese Government is following a policy of restricting investments in North China. I don't know whether this is true, but if Japan is ready to develop not only North China, but other parts of the country also, then it would be wise for the Government to formulate a definite policy.

"Such a policy should be followed in co-operation with the Oriental Development Company, the China-Japan Business Development Company, the Toa Industrial Development Company, and the Bank of Chosen. Satisfactory results would be achieved in this way.

"At present, circumstances forbid Japan to invest much money in North China, but it is quite possible for Japan to make investments in goods and materials needed for economic development. In other words the Government should guarantee exports to North China."

Japanese Demand Payment of $2,000 Damages for Burning of Sheng Nung Farm

The Japanese authorities in North China June 16 made two demands on the Hopei-Chahar Political Council over the recent Sheng Nung Farm incident in Tientsin. The demands were: Payment of $2,000 damages and punishment of Chen Ching-yao, Magistrate of Tientsin.

Japanese Cotton Mills Have Profitable Business in Tsingtao

In an attempt to control the textile industry in North China, the Japanese cotton interests (according to the *Sin Wen Pao*) have formulated a five-year plan in accordance with which the number of Japanese cotton mills in Tsingtao has been increased from six last year to ten this year. The number of spindles of these mills has been increased from 514,000 to 748,000. The Kung Ta Cotton Mills are stated to be making a profit of $30,000 every day. There is only one Chinese Cotton mill now operating in Tsingtao and it is stated that the products of this mill cannot be sold in Shantung because of Japanese competition.

Japanese cotton factories in Tsingtao have now been increased to a total of ten, each of which is able to produce a daily profit ranging from $10,000 to $30,000.

Japanese Maneuvers in North Postponed

On account of the sudden illness of Lieut.-Gen. K. Tashiro, Commander of Japanese troops in North China, the maneuvers originally scheduled for June 25 were postponed indefinitely.

Liu Kwei-tang Organizes Anti-Communist Army of North China

A Tientsin message dated June 25 in the *Shun Pao* stated that with the financial assistance of a certain party, Liu Kwei-tang, the notorious bandit leader and traitor, is organizing a North China Anti-Communist Army. Liu, proclaiming himself as commander-in-chief, will be sent to North Chahar by Japanese plane.

This army will be transferred to the border of Suiyuan and Chahar to fight the Chinese volunteers there, it was stated.

According to other reports, the Japanese Army is now entertaining great anxiety over the increasing activities of Chinese volunteers in Chahar.

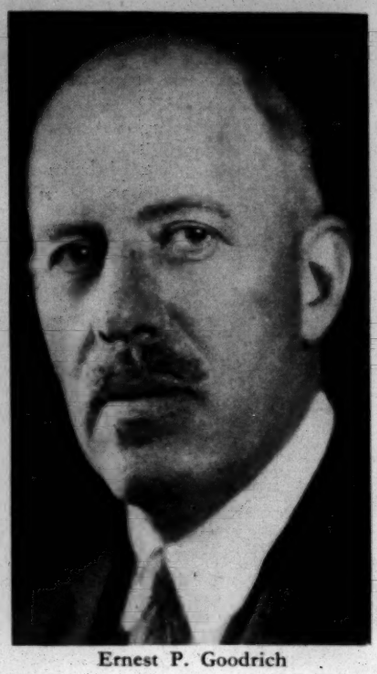
Meanwhile, there will be a great change in the Japanese personnel in North China. General Tashiro, commander of the Japanese Garrisons in North China will be summoned back to Tokyo. He is being replaced by General Okamura, commander of the 2nd Japanese Division in Sendai.

Seven hundred Japanese troops from Fengtai conducted all-day maneuvers near Marco Polo Bridge in Peiping June 26. Major-General Kawabe, Commander of the Kawabe Brigade, and Colonel Matsui, special representative in Peiping of the Japanese Garrison in North China, were present and directed the manoeuvers.

Japanese Have Five-Year Plan to Oust Chinese From North China Cotton Market

A five-year plan has been devised by the Japanese to oust the Chinese from the cotton market in North China.

American Engineer Supervises Whampoa Construction Project



Ernest P. Goodrich

Ernest P. Goodrich, prominent New York engineer, who has been engaged by the Chinese Government to act as a consultant on the construction project of making Whampoa a first-class deep sea port, arrived in Canton about a month ago from the United States and is now busily at work. The development of Whampoa as a port is part of extensive plans of the National Government to establish a large foreign-going merchant marine and gain a share of the trans-Pacific cargo and passenger trade. The Whampoa project will cost upwards of $10,000,000.

An inkling of Chinese plans to expand operations was given by Ambassador C. T. Wang when he passed through San Francisco bound for Washington D. C. recently, when he said, "China has definitely turned her attention to ships and foreign trade."

Filipino Sugar Producers Said to Be Dumping Excess at Hongkong

The American High Commissioner for the Philippines, Paul V. McNutt, June 18 forwarded to the Department of State for decision an accusation that Filipino sugar producers were dumping at Hongkong sugar produced in excess of the Islands quota, thereby violating the London sugar treaty. The Philippine Sugar Association advised Mr. McNutt that 4,000 tons of sugar had been shipped to Hongkong since the London treaty was signed. Mr. McNutt requested the aid of Commonwealth officials in preventing such dumping, pending interpretation by the State Department on the treaty's restrictions upon Philippine sugar.

The Netherlands Indies government expressed concern on the same date at the alleged encroachment of Philippine sugar producers on Chinese territory, by way of Hongkong, which the recent international sugar convention allotted to Java.

High Commissioner for the Philippines Is Meticulous in Matter of Etiquette

The American High Commissioner for the Philippines, Paul V. McNutt, issued an order at Manila June 25 that all newspapermen covering the banquet in honor of Sergio Osmena, Vice-President of the Philippine Commonwealth, must wear dinner jackets. Two preceding instructions which aroused comment and some opposition had instructed foreign consuls to communicate with the Commonwealth through Mr. McNutt's office, and had specified that toasts to President Manuel L. Quezon should follow toasts to President Roosevelt and Mr. McNutt.

"It is the first time in the history of Philippine journalism that photographers and reporters are required to dress formally," the *Manila Herald* remarked. The newspaper sarcastically depicted the frantic effort of cameramen to borrow dinner jackets.

President of U.S. Textile Institute Warns Against Loss of Cotton Trade in Philippines

A warning against the danger of possible loss of the Philippine market for American cotton textile goods was voiced by Dr.Claudius T. Murchison, president of the Cotton Textile Institute, in the course of his testimony before the joint committee of United States and Philippines experts in Washington June 22. Dr. Murchison advocated the establishment of preferential tariff relations between the United States and the Commonwealth and also suggested the enforcement of a quota system for the Philippines, textile imports, or alternatively increased import tariffs against all foreign countries except the United States. Regarding the question of a gentlemen's agreement on Japanese textile imports into the Philippines, Dr. Murchison declared that he believes "it impossible to make such an arrangement with Japan wholly satisfactory as the Japanese Government itself is unable to control shipments of Japanese textiles from Hongkong to Manila."

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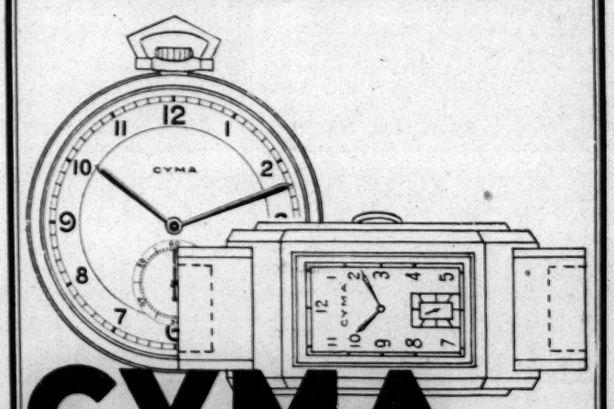

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The Late John D. Rockefeller

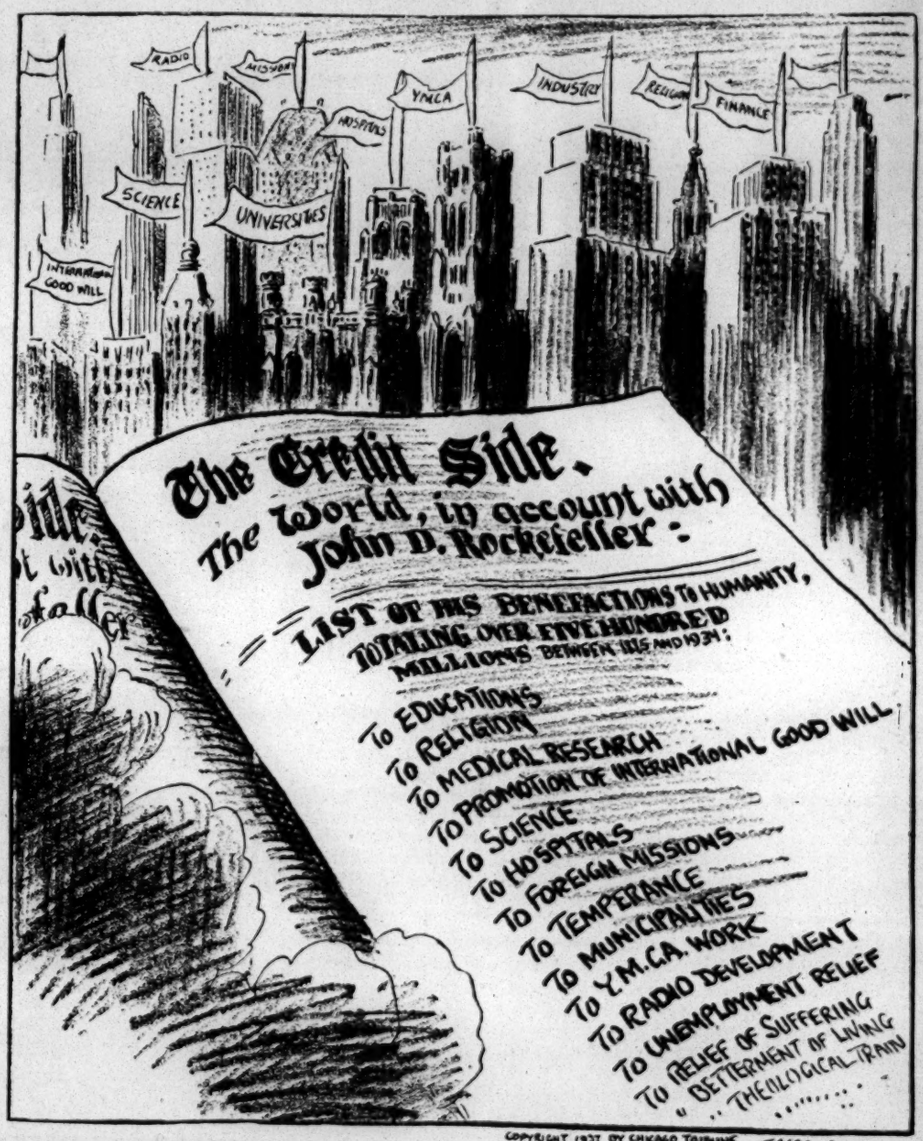
The comments of the American daily newspapers and journals generally concerning the demise of the late John D. Rockefeller were generally of a laudatory character, although many went back to the records of his early business carrer, now generally forgotten, when the practices of "big-business" provoked state and national legislation designed to prevent the growth of monopolies. McCutcheon's cartoon printed herewith is characteristic of the general attitude. The Washington *Daily News*, a Scripps-Howard publication, commented that in no other country, at no other time, could a poor boy have become a millionaire so quickly, or a man so widely criticised have been changed before death into a figure benign and admired.

An editorial in the *Christian Century* puts for ward three reasons for the change in the American attitude towards the late Mr. Rockefeller.

One, touched by cynicism, insisted that the American public was induced to change its mind about Mr. Rockefeller by the size of his benefactions. His philanthropies, it was asserted, grew so astounding in size that they finally obliterated recollection of the means by which his fortune was amassed. A second explanation, almost equally cynical, found the secret in the effectiveness of the public relations organization which, about a quarter of a century ago, began systematically to "interpret" Mr. Rockefeller and his companies to press and public. The benevolent old gentleman, they will insist, was essentially a creation of the late Ivy Lee, his publicity agent. Still a third explanation found the reason for the change in public attitude toward Mr. Rockfeller in the change in public attitude toward gigantic industrial organizations in general.

China has a particular interest in the career of the late John D. Rockefeller. No country outside the United States has benefitted so fully from his benefactions as has China. In this there was a certain poetic justice, for it was in this country that Mr. Rockefeller's enterprises found an outlet for the enormous quantities of kerosene that were left over from the process of gasoline distillation. The gasoline was produced to feed the automobiles, but the resulting kerosene became a drug on the American market, owing to the concurrent development of electric lighting. However China was soon converted from the use of bean oil and animal fats to the use of kerosene for lighting purposes and the result was the development of an enormous business on the other saide of the world from America. It was Dooley or some other American fictional character that said that John D. Rockefeller "brought more light to the heathen than the missionaries ever did."

THE SIDE THE WORLD WILL REMEMBER



—McCutcheon in the Chicago Tribune

Japanese Industrialists Protest Against Chinese Allegations Regarding Labor Conditions

A resolution bitterly denouncing the charges brought against the foreign employers of labor in China by the Chinese delegation to the International Labor Conference in Geneva was passed June 15 by the powerful Kwansai Federation of Industrial Associations. The Chinese representatives had alleged that extraterritorial rights enjoyed by Japanese firms in China prevented the Nanking Government from enforcing its Factory Law. The Federation's resolution declared that the Factory Law is so "idealistic" that it cannot possibly be enforced; wages granted by Japanese cotton mills in China to their employees are ten per cent above those paid by Chinese enterprises; Japanese cotton spinning companies in China have assumed the lead in promoting the workers' welfare and that, as the Shanghai Municipal Council is supervising industrial enterprises under its jurisdiction, it is erroneous to say that there is no labor legislation in the International Settlement. The declaration issued by the Chinese delegation, the resolution stated, had apparently been prompted by political considerations. The Japanese Cotton Mill Owners' Association in China had previously protested the charges brought against Japanese employers in China by Nanking's delegation in Geneva.

New U. S. Shipping Subsidy Scheme Will Exclude Orientals from American Ships

Between four and five hundred Chinese employed for a decade or longer by the Dollar Line and other American steamship companies will probably lose their jobs as the result of new shipping legislation. The mail contract system expired on June 30 and so far no news has been received here as to when the proposed U. S. Ship Subsidy Act will come into force. According to present plans in the neighborhood of 100 new freight and passenger ships are to be built with the aid of subsidies from the U. S. Government. The plan, however, provides that American labor is to be used exclusively, except that ten percent of the crew may be aliens eligible to American citizenship—a provision which rules out Chinese, or other Orientals. The government subsidies will be apportioned so as to compensate the steamship owners for the extra expense they will be put to in operating with an all-American crew as compared with foreign labor costs. For example, the Dollar Line pays its American stewards U.S.$60 per month as compared with Shanghai $23 for Chinese. The N. Y. K. pays stewards a minimum of Yen 23.

Chinese Opinion Reassured by British Foreign Secretary Eden's Statement

A *Reuter* message from Nanking June 26 said the statement made by the British Foreign Secretary, Mr. Anthony Eden, in the House of Commons concerning the forthcoming Anglo-Japanese negotiations has produced a reassuring effect on Chinese opinion in Nanking.

While political observers continue to be cautious in their comments on the forthcoming talks, the assurances renewed by Mr. Eden that an Anglo-Japanese understanding would not be effected at the expense of China has created a favorable impression.

London messages stated that the chief aim of the coming talks will be to clear up misunderstandings on the subject of State policy. The discussions, it is understood, will range from general trade relations to the specific problem of China, where both Britain and Japan are believed to require more information regarding each other's intentions. The proposed conference for a new Pacific Pact, which was raised at the Imperial Conference, is also likely to be discussed. The British Foreign Secretary has right along made it clear that Britain would under no circumstances make any "deal" with Japan that would be detrimental to China's interests.

Satisfaction is expressed in Chinese official circles over the remarks made by influential persons outside the British Government to the effect that an Anglo-Japanese arrangement could not involve repudiation of the resolution adopted by the League of Nations in relation to Manchukuo. Such remarks are held to indicate that the British Government is being supported by opinion in the United Kingdom in its efforts to improve the Far Eastern situation in the spirit of League of Nations principles.

Now that the London pourparlers have reached a stage to enable the opening of formal conversations at a very early date, increased interest in the course of future developments is evident in all Chinese circles.

In all discussions on this important international event, emphasis is laid by the Chinese people on two points:

1. Any understanding relating to China must respect China's sovereign rights and territorial integrity.
2. China should be consulted on all questions touching upon her interests and welfare.

"China will naturally follow the forthcoming conversations with close attention and deep intetest," declared Quo Tai-chi, the Chinese Ambassador, when interviewed by *Reuter* June 24, concerning the talks between Anthony Eden, the Foreign Secretary, and Shigeru Yoshida, the Japanese Ambassador in London.

"I believe," Mr. Quo said, "that a readjustment of Anglo-Japanese relations in the Far East will make easier a readjustment of Sino-Japanese relations on a basis of equality and reciprocity, which I understand is now desired by Japan no less than by China."

Japan generally "hopes and believes" that a successful Anglo-Japanese understanding, when reached, will render a rapprochement between Britain and Germany, the Tokyo *Nichi-Nichi* said June 23 in an editorial commenting on the impending formal conversations between Ambassador Yoshida and Foreign Secretary Anthony Eden in London.

Herr Hitler Thanks God That Germany Is Now Able to Protect Itself

A sarcastic reference to the work of the Non-Intervention Committee in Spain was made by Herr Hitler in an address before 200,000 Nazis at Wurtzburg, Bavaria, June 27. "We shall from now on, in such cases," he said, "prefer to take into our own hands the freedom, independence, honor and security of our nation, and protect ourselves, which to-day, thank God, we are strong enough to do."

Nationalists Now Control Two-Thirds of Spain

With the fall of Bilbao, the insurgents now rule more than 14,000,000 inhabitants of Spain compared with 7,967,000 under the control of the Spanish Government, an official statement issued in Bugos, June 27 stated.

Comintern Asks French Communists to Support Spanish Government

Leftist sympathisers all over the world are rallied to the aid of the Republican cause in Spain in a message sent by Georigi Dimitrov, Chairman of the Comintern, to Maurice Thorez, leader of the Communist Party in France. M. Dimitrov proposes that the Socialist and Labor Internationals, soon to meet in Paris, consider the three-point program of joint action with the Third (Communist) International, of issuing a joint statement to the governments and parliaments of non-Fascist nations, declaring that the U.S.S.R. insists on joint measures to secure the immediate recall of German and Italian armed forces from Spain, the removal of the blockade on Republican ports in Spain, and the recognition of all international right to which the legal Spanish Government is entitled.

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Chekiang Guild Urges Government to Take Over Changhsing Iron Mines

That the Changhsing Iron Mines in Chekiang be taken over by the Government and operated as a State enterprise, is being urged by the Chekiang Guild in Shanghai. In a petition to the Ministry of Industry last week the Guild stated that certain foreigners have recently organized a "society" for the exploitation of the mineral resources of Chekiang. The activities of this society are of a clandestine nature, Chinese merchants being utilized to secure licenses from the Government for the exploitation of various iron, manganese and granite mines. According to reports received, the petition added, more than 50 licences had already been taken out. As these minerals are especially useful for the manufacture of military supplies, special supervision should be exercised over the activities of those Chinese merchants to whom licences have been issued.

China Merchants S. N. Co. Plans to Construct 26 New Ships

If the plan of the China Merchants Steam Navigation Co. to increase its capital to $100,000,000 is approved in due course by the National Government, the Company plans to have 26 new steamers, including one ocean liner, constructed during the next six years. According to one of the Company's officials, the construction of the total fleet, it was estimated, will cost approximately $30,000,000. Another $30,000,000, the official said, will be drawn from the increased capital of $100,000,000 for the amortization of outstanding debts of the company while a third $30,000,000, it was estimated, will be needed for the construction of wharves and wharf facilities in Shanghai and other ports of call along the Yangtse and the seacoast. The remaining $10,000,000 will serve as the Company's circulating fund as pushing the business in general.

China Not to Participate in International Exhibits

For a period of five years, beginning from this year, which has been set for the improvement of native industries, the Chinese Government should not participate in any international industrial exhibitions, it was decided by the Executive Yuan at its regular session in Nanking June 22.

China Will Not Participate in Agricultural Conference in Denmark

It was announced by the Ministry of Industry this week that China will not participate in the forthcoming 17th Session of the International Agricultural Conference to be held in Denmark.

The importance of agricultural development was stressed by Chen Li-fu, member of the Standing Committee of the C.E.C., in an address at the joint weekly memorial service of Central Party Headquarters and the National Government in Nanking July 28.

Nanking-Tientsin Telephone Service Officially Inaugurated

Long-distance telephone service between Nanking and Tientsin was officially inaugurated June 28. The charge for a three-minute call has been fixed at $3.40.

Chan Fu-shan, a long-distance telephone wire thief, was executed by the Kwangtung Pacification Commissioner's Headquarters in Canton on June 23. The wire thief was executed at the very spot where he committed the theft to serve as a warning to the public.

Pootung Waterworks Formally Inaugurated June 23

The new Pootung Waterworks, built by the Greater Shanghai City Trust, was formally inaugurated June 23.

Bridge to Span Weiho Planned by N. E. C.

The National Economic Council has decided to spend $300,000 to construct a cement bridge to span the Weiho at Hsienyang.

Plans for the construction of a steel bridge to connect Amoy with Kulangsu island, are being made by the Amoy branch of the Commission for the Promotion of the National People's Economic Reconstruction Movement. The cost of construction is estimated at $1,300,000.

Shensi Plans to Dredge 40,000 Wells Within Five Years

Digging of 40,000 wells within a period of five years for the betterment of irrigation is part of the plan of the new agricultural project of the Shensi Provincial Government. A sum of $500,000 for financing the project has been negotiated from the Farm Credit Bureau in Nanking by Li Yi-chih, Director of the Water Conservancy Bureau of Shensi, who is the formulator of the project.

China Lumber Company Formed with Capital of $2,000,000

The China Lumber Company, Ltd., a semi-official organization, was recently inaugurated in Shanghai. Capitalized at $2,000,000, the company will devote its efforts mainly to the exploration of the forests in Szechuen. According to a recent survey, the forests near the Omei Mountain will furnish an ever-lasting timber supply. The timber, it is learned, will be used largely for the making of railway sleepers.

Canton Officials to Form Million Dollar Company to Mine Wolfram

Strongly advocated by Gen. Wu Te-chen, Kwangtung Provincial Chairman, the Provincial Government of Kwangtung has taken a legislative step by which a company is to be formed to develop wolfram mining in the south China province. Capitalized at $1,000,000, the company will be financed one half by the provincial government and one half by overseas Chinese. Should private capitalists show insufficient interest, the government will make up the difference. Gen. Chang Wei-chang, former Minister to Cuba, will be the president of the new wolfram exploitation corporation. The first mines will be opened in the Chungfa and Yingtak districts.

Work on Tsinan-Liaocheng Railway to Be Started in August

Work on the construction of the Tsinan-Liaocheng Railway in western Shantung, which is to be an extension of the Kiaochow-Tsinan Railway, will be started in August, according to Sun Ju-yu, member of the Administrative Committee of the Kiaochow-Tsinan Railway, who returned to Tsinan June 24 from Nanking by rail.

8,139 Kilometres of Railways to Be Built in Five Years

A total of 8,139 kilometers of new lines will be added to China's railway network by the end of 1942 in accordance with the Five-Year Railway Construction Plan, the Ministry of Railways announced in Nanking, June 23. With the completion of this program, the kilometrage of railways to have been built within five years will equal that built in 54 years from 1881 to 1935.

Seven lines, according to the Ministry, are now under construction in conformity with the Five-Year Plan, and others are now being projected or surveyed.

Those now under construction are:

1.—The Chengtu-Chungking line	523	kilometers
2.—The Hunan-Kweichow line	1002	,,
3.—The Yunnan-Kweichow line	784	,,
4.—The Szechwan-Kweichow line	525	,,
5.—The Changshu-Hangchow line	225	,,
6.—The Canton-Meihsien line	360	,,
7.—The Hunan-Kwangsi line	370	,,

Railway to Be Built in Hainan Island

It is reported from Canton that the authorities have definitely decided to build a railway on Hainan Island as the first step to develop the area economically. It is estimated that the cost of the railway will be $50,000,000.

7,000 Mow of Salt Fields Said Boarded off in Changlu Region

About 7,000 mow of land in the Changlu salt region has been arrbitrarily occupied by Japanese, recent advices from Tientsin stated. Wood fences have been set up around the land which was left vacant following the recent shipment of salt to Japan. The Chinese police authorities have been instructed to conduct an investigation into the matter.

Prominent Chinese Lawyer Suggests Solution for Shanghai Mortgage Problem

An erudite discussion of the real estate and mortgage problem in Shanghai was contributed to *Finance and Commerce* June 23 by Kwei Chungshu, prominent member of the Chinese bar in Shanghai.

Among the points made by Mr. Kwei are the following: When one discusses the mortgage problem in Shanghai, one really has in mind two distinct phases of the subject: one on the mortgage of real estate, and one on the collection of house rentals. Although inter-related by the very nature of things, the two phases must be dealt with separately. The difficulties which have confronted local landlords have arisen from causes and factors of a non-legal nature. When, for instance, the tenants in a whole lane decide to present a demand for reduction of rentals, the situation is vastly different from one in which only a single tenant presents such a demand. When before the Courts the prospect looms of evicting the tenants of not only one lane but of tens of lanes, even the most stout-hearted judges would feel hesitant in applying the letter of the law.

Mr. Kwei says the solution seems to lie in two courses, viz.: (1) for landlords to adopt a strict policy of collection, even to the extent of cancelling leases or evicting tenants at the first indication of delinquency, in order to produce a few salutary instances to discourage future delinquency; and (2) for the courts to enforce the law in letter as well as in spirit.

Quoting the phrase "apply to the Court to have the mortgaged property sold by auction" in Art. 873 of the Chinese Civil Code, Mr. Kwei suggests that this should be interpreted to mean only the application by a mortagee to the court to *supervise* the auction to be held, and not that an auction may not be held in the absence of a court ruling granting the application of a mortgagee. Should this interpretation be adopted with corresponding changes in the compulsory execution rules, the delay in having a mortgaged property auctioned would, in the opinion of Mr. Kwei, be minimized without disturbing the fundamental law of the land.

In his opinion, the initial step to be taken in reviving the real estate market is to induce the courts to enforce the law governing household leases; if rentals could be collected with reasonable certainly, real estate would come back to its own as a field of investment, and properties under mortgage could be auctioned off with comparative ease.

Movements and Appointments in Diplomatic and Official Circles

The Executive Yuan June 22 relieved Gen. Ho Yao-tsu of his post as Chinese Minister to Turkey. He is now Acting Chairman of the Kansu Provincial Government.

General Hsiung Shih-hui, Chairman of the Kiangsi Provincial Government, visited General Chiang Kai-shek, at Kuling over the week-end.

Feng Ti, having been appointed to another post, has been relieved of his duties as military attache of the Embassy at Berlin, Germany.

The Military Affairs Commission June 27 awarded the military medal of the National Land, Naval and Air Forces, Class A, First Grade, to General Shang Chen, Chairman of the Honan Provincial Government and concurrently Commander of the 32nd Army.

General Chiang Kai-shek was host at a luncheon given in honor of Signor Stefani, Financial Adviser to the National Government, and Dr. Alfred Sze, until recently Ambassador to the United States of America, at Kuling June 24. Dr. Sze will spend the Summer in Tsingtao.

Dr. Wei Tao-min, secretary-general of the Executive Yuan, proceeded to Kuling this week to make preparations for the removal of the offices of the Executive Yuan to Kuling during the Summer.

Kuo Min says that General Chiang Kai-shek and Madame Chiang telegraphed twice last week to Wang Ching-wei, Chairman of the Central Political Committee, inquiring concerning his illness. Mr. Wang replied that he would proceed to Kuling in a few days according to his original plans if his condition permits.

General Ku Chu-tung, Director of the Sian Provisional Headquarters of the President of the Military Affairs Commission, conferred with General Chiang Kai-shek, at Kuling this week on conditions in the North-west.

General Han Fu-chu, Chairman of the Shantung Provincial Government, announced June 28 that he would proceed to Kuling shortly to see General Chiang Kai-shek, to report on the civil and military administration in Shantung.

Takeshi Hara, Director of the General Affairs Board of the Jehol Provincial Government, departed from Jehol City June 27 for Tokyo, where he will serve as counsellor of the Manchukuo Embassy.

Two leaders of the Minseito party, Keikichi Tanomogi and Yukio Sakurauchi, are making a 16-day tour of Manchukuo and North China by air.

Rokuro Takagi, managing-director of the Sino-Japanese Industrial Company, called at the Waichiaopu in Nanking June 23 and had an hour's talk with Dr. Wang Chung-hui and Chen Chieh, Minister and Vice-Minister of Foreign Affairs respectively.

Shinichi Kamimura, Chief of the First Section of the Gaimusho's East Asiatic Affairs Bureau, arrived in Shanghai June 29.

Major-General Hashimoto, Chief of Staff to the Commander of the Japanese garrison in North China, arrived at Fengtai from Tientsin by special train June 22 to inspect the Japanese troops there. He later proceeded to Peiping. Lieutenant-General Tashiro, Commander of the garrison, arrived in Peiping June 22 from Tientsin.

General Li Tsung-jen, Pacification Commissioner for Kwangsi and concurrently Commander-in-Chief of the 5th Route Army, arrived in Canton, June 26 from Kweilin, provincial capital of Kwangsi, by airplane. Among those who welcomed him upon his arrival was T. V. Soong.

Shanghai City Government Will Observe Tenth Anniversary with Five Exhibitions

Five different exhibitions will be held simultaneously at the Shanghai City Government, Civic Centre, Kiangwan, on July 7 in celebration of the tenth anniversary of the administration. Theatricals and other kinds of entertainment will be given on the piece of ground in front of the City Government and at the Public Recreation Ground in Nantao. In the evening, a big lantern procession will wend its way through the main thoroughfares in Chapei and Nantao.

The celebration will begin at 9 a.m., when O. K. Yui, the Acting Mayor, will announce the official opening of the program at a meeting to be attended by Government representatives from Nanking and also delegates from local public bodies. Following the meeting, the exhibitions will be thrown open to the public.

The five exhibitions are: the administration and construction work by the Shanghai City Government during the past ten years; industrial enterprises in Shanghai; health work in Shanghai; anti-air raid measures, and cultural work. Over 800 charts, documents and statistics have been collected by the City Museum for the administration and construction work exhibition. In addition, models of structures completed by the Shanghai City Government will also be displayed.

Over 200 factories and commercial establishments have registered with the City Government for participation in the industrial exhibition.

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Japan's Adverse Trade Balance Becomes Worse

It is a foregone conclusion that Japan's foreign trade for the first half of the year will show an adverse balance of at least 600,000,000 yen, a *Reuter* message from Tokyo, June 20 stated. Interest now attaches to the extent to which this adverse balance will be reduced in the second half of the year, which is supposed to be the export season. Most observers are rather pessimistic. Optimistic observers pin their hopes to the cotton export trade. Pointing to the fact that cloth exports have so far totalled 236,995,000 yen, an increase of approximately 34,000,000 yen compared with the corresponding period of last year, they maintain that trade is making steady growth. Exports of towels, knitted goods and other made-up goods have also been mounting steadily.

Excess of imports over exports for a period extending from the first of the year up to June 10 nearly doubled those for the same period of last year.

Excess of imports for the first 10 days of June amounted to Yen 46,207,000 (against Yen 29,025,000 for the last 10 days of May); imports totalled Yen 135,295,000 (against Yen 139,864,000) and the combined total was Yen 224,383,000 (against Yen 250,703,000). Almost all sorts of exports for the first ten days went off from the preceding ten days.

Opinion in Japan Veers Towards Control of Cotton Trade

A *Reuter* message from Tokyo June 14 stated that in both official and commercial quarters in Japan opinion is steadily growing in favor of control on a single unit basis of Japan's hug cotton trade, which last year imported raw cotton valued at over ?50,000,000 and exported cotton goods and yarn worth £31,000,000.

Idle Japanese Spindles to Make Staple Fibre

About 2,860,000 spindles, rendered idle by an output-curtailment scheme put into effect last month, will be diverted to the manufacture of staple fibre, artificial wool, according to a decision reached June 23 by the Japan Cotton Textile Industrialists' Federation.

Japan Ships Yen 50,000,000 More of Gold to U.S.

Continuing its policy of exporting gold bullion to maintain the yen exchange at its present level, the Government is making further shipments of the yellow metal to the United States. The first portion of a total of Yen 50,000,000 was sent by the *Hokkai Maru* of the Osaka Shosen Kaisha from Kobe on June 29. It will amount to Yen 17,000,000. With these shipments, Japan will have exported gold bullion valued at Yen 260,000,000 in the last three months.

The total amount of gold exported this year is far in excess of the quantity of the metal mined in Japan in one year, which is valued at only Yen 21,000,000.

Japanese Aviation and Machine Tool Industries to Be Developed in Five-Year Plan

The Tokyo Ministry of War June 24 submitted to the Planning Board of the Cabinet the draft of an industrial five-year plan which will cost Yen 9,000,000,000. The Ministry desires that the plan will be inaugurated in 1938 with the aim of tripling by 1943 the industrial capacity of the Japanese Empire, which, it is estimated, totalled Yen 12,000,000,000 last year. The draft states that the expenditure for national defence from 1938 to 1943, including the Navy, is expected to total Yen 11,000,000,000, of which at least Yen 5,000,000,000 will be spent on the munitions industry. To meet this expenditure, it is declared, Japanese industrial capacity must be tripled and emphasis shifted from light to heavy industry. The sum of Yen 500,000,000 worth of equipment and machine tools must be provided for the development of the aviation, motor-car, ship-building and machine tool industries, a large part of which must be imported from Germany and other countries, so that a certain excess of imports over exports will continue for the next two or three years.

Japan's Two Major Shipping Concerns Will Build New Liners With Government Subsidy

Japan's two major shipping concerns—the Nippon Yusen Kaisha and the Osaka Shosen Kaisha—will share the subsidy of Yen 33,750,000 granted by the last session of the Diet for the construction of a fleet of crack passenger liners, Domei learned to-day. Planned are 12 vessels, with a total displacement of 150,000 tons, and with a speed exceeding 20 knots. The N.Y.K.'s shipbuilding program, already submitted for approval to the Ministry of Communications, provides for the construction of: Two 10,800-ton liners, 20 knots, for the Japan-Seattle line; three 16,500-ton ships, 21 knots, for the Yokohama-London line; two 11,700-ton vessels, for the Yokohama Melbourne run.

The O.S.K. program provides for the construction of the following ships. Two 12,750-ton vessels, 21 knots, for the Japan-South America (East Coast) run; three 11,000-ton ships, 20 knots, for the Japan-African East Coast line.

Japanese-Built Warships for Siam Return to Port as Result of Collision

Thirty hours after they had put to sea on a maiden voyage to Bangkok, the five Japanese-built Siamese men-of-war returned to Yokohama in the night of June 27. The return was necessitated by the collision of the training ship *Tarchin* and a patrol boat off Oshima Island, as the *Tarchin* was supplying the smaller vessel with water. The repairs will take ten days.

Japanese Steel Conference Proposes Formation of Joint Scrap Iron Purchasing Agency

A proposal to form a joint scrap iron purchasing agency has been submitted to the Ministry of Commerce and Industry by the Iron and Steel Conference. The membership of the new organ would include the semi-official Japan Iron Manufacturing Company, the Nippon Kokan Kaisha, the Kawasaki Dockyards, and the Kokura, Kobe and Tsurumi Steel Manufacturing Company.

Japanese Naval Arsenals Operating Smoothly, Says Navy Minister Yonai

The Navy's arsenals are "operating smoothly and according to schedule," Admiral Mitsumasa Yonai, Navy Minister, told *Domei* June 23 on his return to Tokyo from a tour of naval establishments.

Yomiuri Says Huge War Orders Require Industrial Expansion

A three-fold expansion of Japan's industrial capacity within the next five years is necessary to meet the immense armament orders of the Army and the Navy, the *Yomiuri Shimbun*, a leading Tokyo daily, said June 24. The Fighting Services, the journal estimated, will spend about Yen 5,000,000,000 between 1938-43 for the strengthening of national defence.

Therefore, the daily asserted, the productive capacity of Japan's industries, which was estimated at Yen 12,000,000,000 last year, must be trebled by 1943.

Undersea Volcano Erupts in Kuriles

Indicative of widespread volcanic activity along the north-eastern fringe of Asia, an undersea eruption was reported June 28 to be taking place in the Onnekotan straits south of Paramushir Island, at the northernmost extremity of the Kuriles group.

Indian Merchants in Japan Boycott Rayon Piece-Goods

Members of the Indian Merchants Association of Yokohama, who are engaged in the export of rayon piece-goods, are boycotting rayon piece-goods, because they are dissatisfied with the stricter control of textile dyers enforced by the Japanese Federation of Export Textile Dyers' Associations.

Japanese Organize Large Mining Company in East Hopei

With the object of opening of the mines in East Hopei, the Japanese authorities have organized a large mining company, capitalized at $5,000,000. Operations of the mines will be started next spring and it is reported that products of the mines will be purchased by the Japanese munition factories.

China Makes Important Proposals at International Federation of League Societies

Four proposals were submitted by the Chinese delegation (headed by T. K. Tseng, Administrative Vice-Minister of Railways) to the 21st annual conference of the International Federation of League of Nations Societies, which convened at Prague, Czechoslovakia, June 28.

The proposals are as follows:

(1). With reference to the revision of the Covenant of the League of Nations, the League Assembly should not reduce the force of Article 16 (providing for sanctions agianst the aggressor).

(2). The various League of Nations Societies should request their respective Governments to include in school textbooks materials relating to: (a) the violation of the Covenant by several member-States and their aggressions against other States; and (b) the efforts of the League in the application of sanctions.

(3). When a protest against the release of motion-pictures detrimental to international relations is made by the League of Nations Society of the country complaining of the picture, the League of Nations Society of the country complained against should issue a warning and take all effective steps against the release of the picture.

Students from Japanese Tung Wen College Deported Out of Kwangsi by Chinese Police

Representations against the deportation of four students of Tung Wen College, Shanghai, by the police of Wuchow, Kwangsi, were made by the Japanese authorities at Canton June 24 to Dr. K. C. Philip Tyau, Foreign Affairs Commissioner for Kwangsi and Kwangtung. Headed by Umeo Inaba, the Japanese group arrived in Wuchow from Sikiang, Kwangtung, on the morning of June 22. The demarche charged that the four youths were immediately placed into what the Chinese police described as "protective custody" and deported to Canton the same afternoon on a steamer. According to *Domei*, the students were touring South China, as a project required by the Japanese institution for graduation.

Foochow Experiences Worst Flood in Forty Years

Foochow is witnessing the worst flood catastrophe in forty years. The low-lying districts of the city were inundated by flood waters of the swollen Min River no less than six times during this week causing huge demage to lives and property.

A telegram from Foochow, June 28 stated the flood situation in northern Fukien is growing worse, with the Min River and its tributaries rising to unprecedented levels.

The Puyang River burst its embankments June 28, flooding two sections of the Chekiang-Kiangsi Railway and dislocating traffic.

Passenger service on the Chekiang-Kiangsi Railway was temporarily interrupted June 26 when an onrush of mountain freshets damaged a section of the track between Chuchu and Chienshan.

A portion of the city wall at the Chaotien Gate of Chungking, weakened by recent torrential rains, caved in June 27, causing heavy casualties among the residents. More than 40 persons were killed and many more injured.

Owing to heavy rainfall in Suiyuan during the past week, the Yellow River has risen several feet. Most of the fields in Linho and Paotow, western Suiyuan, are inundated.

The Yellow River is rising in Shantung. One of the dykes at Lishingtun collapsed June 28, but was repaired immediately.

North China Water Conservancy Commission Meets in Tientsin

The summer conference of the North China Water Conservancy Commission was opened in Tientsin June 28. It was presided over by Pang Chi-chun, Chairman of the Commission. The Commission presented two proposals to the Conference, one recommneding that the waters of the Yungting River be utilized for the irrigation of the sand land near Fengtai on the Peiping-Liaoning Railway so as to transform them into arable land; and the other, for the establishment of irrigation areas at Chinghsing, Hopei.

Executive Yuan Allots $280,000 for Famine Relief Purposes

The Executive Yuan June 29 decided to allot an additional amount of $280,000 for famine relief purposes.

$2,300,000 Worth of Goods Smuggled Into Tientsin in May

According to the Tientsin Customs authorities, $2,300,000 worth of goods were smuggled into Tientsin during the month of May—The Customs authori.ies confiscated goods to the value of $200,000.

In order to give a final opportunity to merchants dealing in smuggled goods to complete the registration of their contraband, the Tientsin Customs authorities this week decided to extend the time-limit for such registration for another month, beginning July 1.

Shanghai Chamber Urges Government to Reject Demand for Reduction of Tariffs

The Chinese Government was urged to reject the Japanese demand for the reduction of Customs tariffs in a petition filed by the Shanghai Chamber of Commerce June 27.

Shantung Chairman Rejects Demand to Hand Over Chinese Seamen

General Han Fu-chu, Chairman of the Shantung Provincial Government, has definitely turned down the Japanese demand for the handing over of the four Chinese seamen, who were responsible for the detention of smuggled goods discovered on the Tungping Maru.

London "Financial Times" Sees Better Prospects for British Trade in China

Commenting on improved conditions in China under the heading "Export Interests and the Far East," the London *Financial Times* May 22 declared that the most striking development in China had been the currency reforms. The article pointed out two main factors which are giving new hope for British trade developments in China. The first big factor, the article said, is Japan, which "is being gradually convinced that economic expansion in China cannot for ever hang on ultimatums or military occupation." The second big factor is China, where "financial reforms already carried out have been a great stimulus to economic activity."

Discussing the prospects of trade developments, the *Financial Times* comment continued:

"Despite the traditional inscrutability of events in the Far East, it is evident that developments are taking place which give distinct possibilities of a new deal for British export interests there. This is an opportunity which has been earnestly wished for ever since the general unsettlement which immediately followed the occupation of Manchuria. The first big factor in this complicated political equation is Japan. There are, fortunately, signs that this progressive nation is being gradually convinced that economic expansion in China cannot for ever hang on ultimatums or military occupation."

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$1,000,649,496 Budget Passed by Legislative Yuan

The National Budget for the 26th fiscal year (July 1, 1937-June 30, 1938), balanced at $1,000,649,496, was adopted at the 109th meeting of the Legislative Yuan at Nanking June 25. The following are the detailed figures of Income and Expenditure :—

INCOME

Item	*Ordinary*	*Extra-ordinary*	*Total*	*Per-centage*
	$	$	$	%
1. Customs Revenue	338,222,816	31,044,706	369,267,522	36.90
2. Salt Revenue	228,495,653	129,900	228,625,553	22.85
3. Tobacco and Wine Taxes	20,964,381	82,261	21,046,642	2.10
4. Stamp Tax	11,300,000	—	11,300,000	1.13
5. Consolidated Tax	175,617,650	—	175,617,650	17.55
6. Mining Tax	4,751,638	—	4,751,638	0.48
7. Stock Exchange Tax and Tax on Exchange Transactions in stocks and commodities	170,000	—	170,000	0.02
8. Income Tax	25,000,000	—	25,000,000	2.50
9. Inheritance Tax (new)	2,000,000	—	2,000,000	0.20
10. Tax on Banknote Issues	1,600,000	—	1,600,000	0.16
11. Government Property Receipts	3,985,479	158,434	4,143,913	0.41
12. Government Enterprise Receipts	23,423,015	711,292	24,134,307	2.41
13. Government Administrative Receipts	13,838,159	8,935	13,847,094	1.38
14. Surplus from Government Business Enterprises	16,073,787	—	16,073,787	1.61
15. Remittances from Provincial Gov'ts	3,366,040	314,000	3,680,040	0.37
16. Miscellaneous Receipts	10,950,740	88,440,610	99,391,350	9.93
Grand Total			$1,000,649,496	100.00

EXPENDITURE

Item	*Ordinary*	*Extra-ordinary*	*Total*	*Per-centage*
	$	$	$	%
1. Party Expenses	6,922,800	388,640	7,311,440	0.73
2. Expenses for the National Government Committee and organs directly subordinate to it	17,380,238	582,308	17,962,546	1.79
3. Military Expenses	362,499,952	30,000,000	392,499,952	39.22
4. Interior Affairs Expenses	5,606,932	582,000	6,188,932	0.62
5. Foreign Affairs Expenses	8,938,083	497,733	9,435,816	0.94
6. Financial Affairs Expenses	68,867,826	364,264	69,232,090	6.92
7. Education and Cultural Affairs Expenses	42,878,717	55,651	42,934,368	4.29
8. Judicial Expenses	2,354,837	1,961,012	4,315,849	0.43
9. Industrial Affairs Expenses	3,006,890	65,422	3,072,312	0.31
10. Communication Affairs Expenses	4,915,725	140,870	5,056,595	0.51
11. Mongolian and Tibetan Affairs Expenses	2,276,362	224,000	2,500,362	0.25
12. Subsidies	15,659,023	15,356,053	31,015,076	3.10
13. Compensation and Awards	6,678,497	—	6,678,497	0.67
14. Loan Service Obligations	324,693,754	—	324,693,754	32.45
15. Reconstruction Enterprise Sinking Fund	70,000,000	—	70,000,000	7.00
16. Reserve Relief Fund	3,000,000	—	3,000,000	0.30
17. Second Reserve Fund	4,751,907	—	4,751,907	0.47
Grand Total			$1,000,649,496	100.00

In the course of the past ten years, owing to civil wars requiring huge military appropriations, the National Budget always showed a deficit. The biggest deficit was in 1930, being 30 per cent of the total budget estimates. Since 1931, the annual deficit has been about 20 per cent.

In 1936, the deficit amounted to 23 per cent. However, the achievements in national reconstruction work were unprecedented during that year.

In the course of the past few years, military expenses have been the biggest item in the estimates. Though the actual amount of military appropriations has been increased, the percentage in relation to the total expenditure has been reduced.

The general budget for the new fiscal year (July 1, 1937-June 30, 1938) totals more than $1,000 millions. This is a new record in China's financial annals. Though the amount of expenditures is increased, the percentage of increase has been reduced.

Customs revenue, Salt revenue and Consolidated Taxes continue to be the principal sources of national income. In 1931, these items occupied 68.54 per cent of the total income.

Income Tax occupied only 0.5 per cent in the current year's budget. It is increased to 2.5 per cent in the new budget.

Inheritance Tax will be enforced for the first time in the new fiscal year. Estimated revenue therefrom is expected to yield 0.2 per cent of the total income.

The inclusion of $70 millions as a reconstruction reserve fund and the fact that no new loans are required to balance income with expenditure in the new budget constitute a new era in China's financial history.

The estimated income from Customs revenue, Salt revenue, Consolidated Tax, Income Tax, Tobacco and Wine Taxes, and Mining Tax exceeds that of the current budget. Income from other sources is also estimated to yield a higher sum, including $2 millions from the new Inheritance Tax.

Though the figures for military expenses are increased, they include $70 millions for military appropriations for the various provinces as well as for special subsidies to local troops. However, the Ministry of War has definitely decided to strictly enforce the new budget and refrain from asking for additional funds as in the past.

Aside from the National Budget, the estimates for the Special Reconstruction Fund for the 26th fiscal year have been separately compiled by the Central Government. No budget of this Special Reconstruction Fund has however been compiled for submission to the Legislative Yuan. The Special Reconstruction Sinking Fund, amounting to $70,000,000, as contained in the National Budget, has been designated as the source of income for the estimates of the Special Reconstruction Fund referred to.

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Shanghai "Nippo" Envisages Huge Loans by H. H. Kung

The *Shanghai Nippo* June 29 said that Dr. H. H. Kung, Minister of Finance, would make the following loan arrangements in America and Europe :

In England Dr. Kung would arrange for £10,000,000 loan for the reorganization of the Central Bank of China into the Central Reserve Bank. In addition Dr. Kung will borrow £15,000,000 for reconstruction purposes and £5,600,000 for railway construction.

An agreement will be reached between the National Government with the French financial syndicate for a huge loan to build railways in Yunnan and Kwangsi provinces.

For the building of the extension lines of the Lunghai Railway, Dr. Kung will borrow a sum of U.S.$30,000,000 from American banks.

The Tokyo vernacular press continued to insist that the proposal for a British loan of £10,000,000 to China has already been established. The point, however, was stressed that the loan was purely intended for assisting China in reconstruction projects without any political significance.

The first major Sino-American financial conversations since the signing of the Chen-Morgenthau silver agreement opened in Washington this week between Dr. H. H. Kung, Chinese Minister of Finance, and Cordel Hull, U.S. Secretary of State. Secretary of the Treasury Morgenthau gave Dr. Kung a dinner June 29.

Tokyo Voices Views on London Loan to China

Semi-official circles in Tokyo June 27 predicted that the Government would not oppose the grant of a £10,000,000 loan to China by Great Britain. Such a loan, they added, appears to have been arranged for during the visit paid to London in May by Dr. H. H. Kung, Finance Minister. Dr. Kung's current stay in the United States, these observers believed, would not result in any loans, as "Washington is too preoccupied with its activities at home and in South America."

Szechwan Borrows $4,000,000 From Chungking Banks

Because of the serious financial difficulty facing the provincial authorities, Liu Han-sen, Commissioner of Finance for Szechwan has arranged for a loan of $4,000,000 with the Chungking banks.

General Chiang Kai-shek, has instructed the National Economic Council to appropriate $2,000,000 to macadamize the Sian-Lanchow National Highway.

Beginning from the 26 fiscal year (July 1, 1937), the annual Farm Tax in Szechuen will be collected in three instalments, one instalment in the first half year and two in the second half year.

The petition of the Tientsin City Chamber of Commerce for postponement of the collection if Income Tax in Tientsin has been rejected by the Ministry of Finance.

The request of the Kwangsi Provincial Government that the Agricultural Credit Bureau be instructed to appropriate $1,500,000

for the provision of loan facilities to the farmers has been agreed to by the Ministry of Industry.

The Executive Yuan June 23 approved the issue of a Fukien Provincial Highway Loan to the amount of $960,000.

Customs Collections at Southern Ports Total More Than Two Million Dollars

Customs revenue collected at Kowloon, Canton, Kungpak, Kongmoon and Samshui for the month of May totalled $2,120,-174.26 National Currency, it was officially announced by the Superintendent of Customs in Canton, June 25.

Shantung Budget Balances at $28,000,000

The estimated budget of the Shantung Provincial Government for the 26th fiscal year (July 1, 1937-June 30, 1938) balances at $28,000,000. It is reported that the new budget represents an increase of $1,300,000 when compared with the present year.

London "Financial News" Expresses Belief that Japan May Be Interested in International Loan to China

The belief that Japan may be one of the countries interested in the talked-of international loan to China was expressed by the London *Financial News* June 9 in an article reviewing the outlook for Chinese bonds. Emphasizing Japan's change of policy toward China, the paper stated, "Present advices suggest that there is even a prospect of a better understanding between the two countries, and it is believed that, if China raises an international loan, Japan may be one of the countries interested.

$300 Million Deposits in Nanking Banks

Deposits amounting to $300 million have been absorbed by the government and commercial banks in Nanking during the 25th fiscal year, according to a report in the Chinese press in Nanking June 22.

Liu Hang-shan, Provincial Commissioner of Finance for Szechuan, returned to Chengtu June 28 after arranging for a loan of $4,000,000 from banking and commercial circles in Chungking.

China's Provinces and Municipalities Borrowed Heavily During Last Year

The total amount of bonds and loans issued by the various provincial and municipal governments in China during the last few years is well over the $300,000,000 mark, according to figures revealed in Nanking. The figures do not include the loans floated directly by the National Government.

Up to the end of the last month, the total amount of provincial and municipal loans amounted to $291,000,000 of which $177,885,000 still is outstanding. Chekiang leads all other provinces, with her loans totalling $60,000,000.

In addition to the $291,000,000 total, the Executive Yuan has recently authorized two more provincial bond issues, the $12,000,-000 Szechuen Famine Relief Bonds and the $500,000 Fukien Highway Construction Bonds. The Hopei provincial government has just requested the National-Government to grant permission to float reconstruction bonds of $5,000,000. The Ministry of Finance has already approved the proposal and forwarded the matter to the Legislative Yuan for approval. The proposed bond is to bear annual interest of 6 per cent with drawings to take place twice a year. Redemption is to be completed in 15 years.

Meanwhile, important negotiations are taking place in Canton between T. V. Soong, member of the standing committee of the National Economic Council, and General Li Tsung-jen, pacification commissioner of Kwangsi, on the financial readjustment in Kwangsi. Enforcement of the Nanking monetary policies in Kwangsi and the tax adjustments were among the issues under discussion.

Central Reserve Bank Bill Is Passed by Legislative Yuan

The bill for the establishment of a Central Reserve Bank, which will mark an important era in China's financial reforms, was approved by the Legislative Yuan June 25. It consists of twelve chapters and 61 articles in addition to twelve articles of "transitional laws."

A special article in the *North China Daily News* said an important function of the new Central Reserve Bank is to exercise such an influence over the domestic price level that prices in China not get seriously out of alignment with those prevailing elwsehere, and in particular in the countries with which China intends to maintain practical exchange stability.

The *North-China Daily News* said also the new currency arrangements have had a good start, and China has enjoyed a greater measure of exchange stability during the past eighteen months than in the earlier years when the country was still on an automatic silver standard. The responsible authorities are unlikely to presume on that success, and they are well aware of the risks they must run if they relax their efforts to create and maintain sound monetary and financial conditions. The establishment of the Central Reserve Bank should assist materially in this direction, and for this reason it would be assured of a friendly welcome.

In the United States Court for China

In re.
ESTATE
of
ERNST B. FILSINGER
Deceased.

Cause No. 4214
Special Proceedings No. 2093
NOTICE
Filed at Shanghai, China, June 3, 1937.
William T. Collins, Clerk.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of Ernst B. Filsinger, deceased, to present the same with vouchers to the undersigned on or before December 12th, 1937, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

N. E. LURTON
330 Szechuen Road
Shanghai, China

Shanghai, China.

In the United States Court for China

In re.
LAST WILL AND TESTAMENT
of
MINNIE OVIATT,
Deceased.

Cause No. 4221
Special Proceedings No. 2100
NOTICE
Filed at Shanghai, China, June 28, 1937.
WILLIAM T. COLLINS, Clerk.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of Minnie Oviatt, deceased, to present the same with vouchers to the undersigned on or before January 3, 1938, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

Nelson E. Lurton,
Administrator Ad Colligendum,
330 Szechuen Road,
Shanghai, China.

Shanghai, China.

Eurasia Aviation Corp. Opens Peiping-Hankow Line

An uneventful flight, carried out almost exactly according to schedule, marked the inauguration June 29 of the first one-day passenger and mail service between north and south China, linking Peiping and Hongkong. The flight, carried out by the Eurasia Aviation Corporation, which is operating the new service, was completed when a fifteen-passenger black and silver monoplane glided down at the Kai Tack airdrome at Hongkong exactly twelve hours and 31 minutes after passengers and mail had left Peiping.

The 'plane covered the 1,455-mile journey to Hongkong via Taiyuan, capital of Shansi, Chengchow, Hankow, Changsha, capital of Hunan, and Canton.

Southwestern Aviation Corporation Receives Three New Stinson Planes

The three large Stinson airplanes recently purchased from America by the South-western Aviation Corporation have been assembled at Canton. They are being placed on the Canton-Hanoi and Canton-Nanning airways.

Japanese Ignore Chinese Protests Against Operation of Tientsin-Tokyo Air Service

Japanese Embassy officials in Nanking, June 16 indicated that they would ignore a Chinese protest against the operation of a passenger and mail service by the Huitung Aviation Corporation between Tokyo and Tientsin. The written protest, received by the Embassy, demands the immediate suspension of the line on the grounds that the aerial transportation of passengers and mail from and to China can only be countenanced on the basis of an international agreement reached through diplomatic channels.

The note did not mention the Huitung Aviation Corporation, a Sino-Japanese firm, but refers to the service alone. This was interpreted by Japanese officials as indicating the determination of the Chinese Government to ignore the Huitung Aviation on the grounds that it was formed without its consent.

At a conference in Tientsin, June 16 of the Chinese and Japanese directors of the Huitung Aviation Company, representatives of the Japanese military headquarters and General Furosho, director of aviation in the Tokyo War Office, a decision was reported to have been reached to continue the Company's air service with its connection to Tokyo.

The Huitung Aviation Corporation suspended the operation of the Tientsin-Chengteh, Tientsin-Changpei and Tientsin-Peiping service June 23 in order to curtail expenses, a *Kuo Min* telegram from Tientsin June 24 stated. Japanese messages denied that these lines had suspended.

Japanese May Attempt Non-Stop Tokyo-New York Flight

A recent *Reuter* message from Tokyo stated that a non-stop flight from Tokyo to New York may be attempted if a plane built to the designs of the Aeronautic Research Institute of the Imperial University at Tokyo successfully undergoes an endurance test. The plane has received much publicity because of the claim that it can travel approximately 10,000 miles without refuelling. An endurance test will be made late in August or early in September, when the machine will circle over the large Army airdrome near Kyoto.

U.S. Naval Bombers Make Record Mass Flight from San Diego to Canal Zone

Completing the longest non-stop mass flight ever attempted, twelve giant United States Navy bombing airplanes landed in the Panama Canal Zone June 22. They had flown without a halt from their base at San Diego, Cal., a distance of 3,087 miles.

U.S. Navy Plane Makes 522 Miles Per Hour

A new world record for speed was set by a U.S. Navy monoplane, last week with an average of 522.5 m.p.h., (more than 80 m.p.h. faster than ever before achieved on land or in the air.) The craft is a low-winged plane, equipped with a 1,250 h.p. motor, and carried machine-guns and bomb-carrying devices.

Mrs. Putman Continues Round-the-World Journey

Mrs. Amelia Earhart Putnam, the American aviatrix, who is in the concluding stages of her 28,000-mile flight round the world, arrived in Lae, New Guinea, June 29 from Port Darwin, preparatory to a hop across the Pacific. Accompanied by Capt. Fred Noonan as navigator, she took seven hours and 41 minutes for the journey from the Australian port. In her ambitious attempt, to circle the globe "as near the Equator as possible" from Miami, Florida, where she left on June 1, she is flying a Lockheed-Electric monoplane.

American Flier to Try Oakland-Moscow Non-Stop Flight

James Mattern, famous American speed flier, announced in Oakland, California, June 23 he would attempt a non-stop flight from Oakland to Moscow within the next three to four weeks. He would refuel in the air over Fairbanks, Alaska.

Soviet Fliers Given Ovation at Washington

The Soviet fliers Chkalov, Baydukov, and Beliakov, heroes of the first trans-Polar flight from Moscow to North America in history, were given a tremendous welcome in the Washington ,D.C., June 27, when as they arrived they from the Pacific coast with Soviet Ambassador Troyanovsky.

Tokyo Civil Ministry Combats Military Plan on Aviation

In a move diametrically conflicting with the desires of the Fighting Services, the Tokyo Ministry of Communications June 27 made known its opposition to the creation of a Ministry of Aviation. High officials of the Ministry said that they will, instead, submit to the next session of a Diet a comprehensive plan for the development of civil aviation, under the aegis of the Ministry's Bureau of Aviation.

Four Japanese Army and Naval Planes Are Involved in Accidents

One flier is missing and half a dozen other people were injured as the result of four airplane accidents in Japan during the night of June 22 and June 23. A scouting plane from the Kasumigaura naval air corps developed engine trouble near Nakaminato-machi. Ibaraki Prefecture, and in attempting to land, it hit a high-tension wire and then crashed into the Naka River. Both occupants were injured. Another plane took off from Kasumigaura soon afterward with a naval surgeon, but on reaching the site of the accident it hit the same power line and crashed into the same river. A sub-lieutenant studying at the army air school at Akeno, Mie Prefecture, was injured during the afternoon when his bomber crashed into a ricefield during a practice flight. The previous evening a naval plane from Tateyama crashed into a 30-ton cargo boat off Awa-gun, Chiba Prefecture, while it was attempting to alight on the water in the dark.

Two Killed and Seven Injured in Antung Plane Crash

Miss Wang Shou-ching, daughter of the chief of the Hwanjen-hsien tax bureau, and Mrs. Shodo Boku, a Korean, were killed and seven others injured when a Manchukuo Air Transport Company plane crashed in Antung Province, June 22.

Japanese Air Force in Formosa Stages Maneuvers

A series of maneuvers were staged by the Japanese air forces in Formosa beginning June 23 and lasting for a week, with Kwantung and Fukien as the imaginable areas of attack.

Japanese Government to Subsidize Plane Manufacturers

In an effort to strengthen Japan's infant airplane manufacturing industry, the Tokyo Ministry of Communications will grant subsidies to approved enterprises. Special efforts will be made, according to *Domei*, to replace foreign craft with Nippon-designed and made machines, tested and approved by the experts of the Ministry.

Chinese Plane Crashes at Wuchang

A Chinese pilot and his companion were injured at Wuchang June 27 when the plane in which they were flying crashed into a vegetable garden after the right wing of the machine had struck a tree.

Commencement Exercises at Chiao-tung, St. John's and U. of Shanghai

Commencement exercises were held at three leading colleges in Shanghai June 26, namely Chiao-Tung University, St. John's University and the University of Shanghai.

Dr. J. Usang Ly presided at the Chiaotung commencement exercises. In an inspiring address he reviewed the progress of the institution during the past year and expressed the hope that the school would continue to serve the nation. Speeches were also made by Acting Mayor O. K. Yui, representatives of the National Government, Minister of Education and Railways, the faculty and staff. A response was made by one of the graduating students.

At the 25th commencement exercises of the University of Shanghai 272 students from the colleges, the downtown school, the middle school, and the social center schools received their diplomas and certificates. Among the 130 college graduates, the largest graduating class, were 55 women. President H. C. E. Liu reported the progress of the university during the past year, and thanked the donors for the new auditorium and chapel. Gen. Chang Chun, former Minister of Foreign Affairs, spoke on "The Responsibility of a Modern Youth Toward His Country and Society." He commented on the work of the university and advised the students to assume responsibility for the reconstruction of China and the world.

The exercises at St. John's University were held on the front lawn with Acting President William Z. L. Sung presiding. The exercises included the awarding of certificates to middle school students, as well as degrees to university and graduate school students. Dr. Chang Po-ling, President of Nankai University, Tientsin, addressed the graduates, pointing out the new duties of youth to the state in China's progress. Degrees were awarded to 110 students.

Yenching University Completes Nineteenth Scholastic Term

Progress in the field of education is noted by Yenching University, as it completed its nineteenth scholastic term on June 30 of this year.

Although the end of this term was approached with the prospect of a deficit of $13,191 for last year, J. Leighton Stuart, the President, wrote in a letter to the Advisory Council of the University in the United States, "With inadequate dependable income, we can apparently meet our next year's budget because of renewed or increased emergency grants from the Chinese Government, the Rockefeller Foundation and the American Boxer Indemnity Trustees—these being in each instance based on careful investigation and therefore an endorsement as well as a temporary provision for our need while we are continuing our effort to secure additional endowment or other forms of stable support."

An increase in the number of students attending Yenching has been shown during recent years as well as an expansion in the activities of the institution.

126 Graduate from Chekiang University

One hundred and twenty six graduates were given diplomas at the Commencement Exercises of the Chekiang University at Hangchow, June 27. Dr. Chu Chia-hua, Chairman of the Chekiang Provincial government, was among the speakers at the ceremony.

War Minister Suggests Establishment of University in Kweichow

Gen. Ho Ying-chin, Minister of War, Dr. Chu Ming-yi, former secretary-general of the Executive Yuan, and six other prominent personages in Nanking, have recently petitioned the Central authorities, asking that a university be established in Kweichow. The proposed university, if passed by the Central authorities, is expected to be established next autumn.

Commencement Exercises Held at Military Academy

Commencement exercises for the first class of 3,000 merchants undergoing military training at Taiyuan were held June 26. Chao Tai-wen, Chairman of the Shansi Provincial Government, presented the deplomas.

Despite heavy rain, the commencement exercises for the 2nd Class of the cadets of the Chengtu branch of the Central Military Academy were held in the open air June 26. Lieut.-General Hsia Tou-yin, personal representative of General Chiang Kai-shek, presided.

National Budget Includes $536,000 for National Hunan University

At the request of the Provincial Government, the Hunan Provincial University will be reorganized into the National Hunan University. The budget for the University, amounting to $536,000, has been emboided in the National Budget.

Professors in Peiping Universities to Be Dismissed

The *Lib Pao* says a number of noted professors will be dismissed during the summer vacation including those of the College of Commerce and College of Law of the Peiping National University. Professors in the National Tsing Hua University and the Peking University will also be affected, it was stated.

Educational Leaders Discuss Future Policies

Lo Chia-lun, President of the National Central University, Dr. Chu Ko-chen, President of the National Chekiang University, and Ho Ping-sung, President of the National Chinan University, conferred at Nanking June 21 with Chou Ping-lin, Administrative Vice-Minister of Education, and Huang Chien-chung, Director of the Department of Higher Education of the Ministry of Education, concerning educational policies for the present and future and the apportionment of educational funds.

Nanking Announces Definite Measures Concerning Students Going Abroad

The Ministry of Education has issued a circular order to various provincial and municipal educational authorities, announcing a set of measures for the sending of students abroad for further studies at government expenses.

The provincial and municipal authorities, according to the order, should report to the Ministry, before the end of each fiscal year, the courses of study chosen by students dispatched by them, the countries where the students study and an outline of the work of the students during their stay abroad.

In regard to the students now studying abroad at public expense and those at private expense with subsidies or scholarships, the Ministry required that a report of their record of studies should be submitted to the Ministry by the various provincial and municipal education departments.

By order of General Chiang Kai-shek, the Ministry of Education has issued a circular order to the various Provincial Departments and Municipal Bureaus of Education to strictly enforce the regulations governing the estalbishment of Free Scholarships and Public Scholarships in all grades of schools so that promising but needy students may be duly taken care of.

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The National City Bank of New York, Rates of Exchange

Shanghai, June 30, 1937

Demand selling rate on America :	U.S. $1.00=Sh. $ 3.37
Demand buying rate on America :	U.S. $1.00=Sh. $ 3.36
Demand selling rate on London :	£1.0.0=Sh. $16.59
Demand buying rate on London :	£1.0.0=Sh. $16.55

The Bibliotheque Sino-International at Geneva

IN 1933 there was founded in Geneva a scientific institute, to act a not insignificant part in the intellectual life of Europe, known as the "Bibliotheque Sino-Internationale," (Chinese-International Library), which has undertaken the heavy task of spreading knowledge of Chinese culture in the Occident and bringing about a better understanding between two great races.

Up until then there had been lacking a central bureau of information and exchange which would serve at the same time as a reading room and circulating library. This gap has now been filled; the task devolving upon the Institute is, consequently, to provide the sinologist with indispensable scientific references. But its scope is still wider. On one hand, it is destined to facilitate the Occidental students' research into Chinese science, literature and art, and put at the disposition of those interested in the reconstruction of China the necessary material in all the domains of that colossal undertaking. On the other hand, it expedites for Chinese sojourning in Europe the studies into Occidental works either of first quality or in some way representative. It constitutes, in short, a China in miniature for Europe and a succinct "resume" of Europe for the Chinese.

The initiative in this project was taken by Dr. Tien-she Hu, Director of that department of the Academy of Peiping, which maintains the foreign scientific relations. Dr. Hu was also for many years president of the Association of Chinese Students in Germany. So he is eminently qualified to judge the intellectual needs of the two races. When he submitted the plan to General Tsiang Tse-ping, former Chinese ambassador to Germany, he immediately gained a supporter. Patriotic Chinese, as high in their station as in their talents, did not confine themselves to enthusiastic approbation, but gave their active co-operation: Professor Li Yu-ying, member of the National Academy of Peiping and founder of the Franco-Chinese Institute at Lyon, who had planned for many years to establish a European home for Chinese culture and who was sojourning at that time in Berlin, got into touch with Wu Tsu-fe, the distinguished philosopher and reformer, and was unceasing in his efficacious support of Dr. Hu. The success of the plan was assured from the time that financial aid was provided by the men directing the party of national reconstruction, the "Kuo-Min-Tang," Marshal Chiang Kai-shek, Wang Ching-wei, President of the Council, Sun Fo, President of the Legislative Yuan, Song Tse-wen, Vice-Chancellor and President of the National Economic Council, Wang Shih-chieh, Minister of Education, H. H. Kung, Minister of Finance, Tsai Yuan-pei, President of the Central Academy at Nanking, Tschang Tsin-kiang, Governor of the province of Che-Kiang, Wu Teh-chen, them Mayor of Shanghai, Chang Kung-ch'uan, Director of the Bank of China and Chou Tso-min, Manager of the Chinese Continental Bank; these are only a few of those who have given financial assistance.

That which confers a particular value to the foundation of the "Bibliotheque Sino-Internationale" is that its "raison d'etre" is not in itself. Rather it is the beginning of the execution of a vast plan, elaborated even to the slightest detail, which envisages an intense cultural exchange between the two worlds.

In this respect it may be mentioned that the Institute of Geneva is keeping up lasting, mutually profitable relations with its branch-establishment, the "Bibliotheque Sino-Internationale" at Shanghai, destined to play in the East a role analogous to its own in the West. At present preparations are being made to open in New York a third "Bibliotheque Sino-Internationale," to which the same functions will be assigned for the American continent.

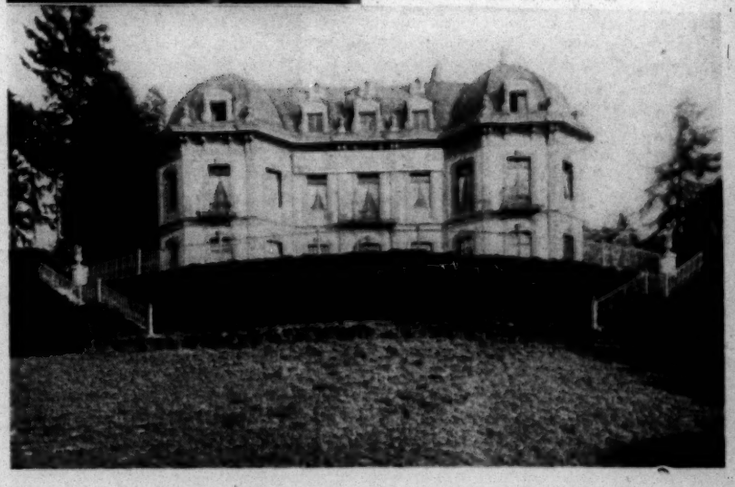
In spite of its short existence the "Bibliotheque Sino-Internationale" has displayed already an extensive activity in the interest of culture. In July 1934 it presented in its own rooms a small exhibit of works of art, in which it abounds (as paintings, drawings, costumes, embroideries, old, rare, illustrated works, stone inscriptions, manuscripts, etc.). For, the library harbors a permanent Museum, which has been enriched by the generous temporary loan of the famous von Heydt collection. On the commemoration-days of great Chinese personalities, as of Confucius and of Dr. Sun Yat-sen, special exhibits are shown there. Hitherto the greatest achievement of the Library, concerning the cultivation of art was the great "Exhibition of Chinese Art," organized under its direction in the Kursaal of Geneva (Sept. 12—Oct. 11 1934; which gave a general survey of all epochs and presented objects of art made of the most varied materials (bronze, crystal, glass, wood, ivory, stone . . .). The number of the visitors was considerable and the critics expressed themselves in a very complimentary manner on its behalf. Then, in the early spring of 1935 an exhibition of drawings and paintings, executed by Chinese children, was held which aroused considerable interest on the part of pedagogical and artistic circles. These objects were shown subsequently in part at the Pestalozzianum of Zurich, in part at Brussels, and were transferred after that to Lyon and Brussels.

There can be given no better proof of the rapid increase of the Library's collections than the fact that in the course of one year lack of space compelled it to move from its first home, route de Florissant 5 to Chataeu de Montalegre, route de Vesenaz, a stately castle in the Baroque-style, situated in the midst of a splendid park; the terrace of the building commands a marvellous view on the lake, the city and the mountains.

On the ground-floor are the reading-room, the lecture-room, several exhibit-rooms, and the periodical-room, located in a glass-covered terrace; the underground-floor contains a great number of calligraphies executed by old, famous masters. On the first floor there are the director's office, the Chinese drawing-room, two other exhibit-rooms and the different offices of the staff (consisting of qualified Chinese and European collaborators); the second floor is occupied by the book-collections and the other treasures of the library. The landscape in which the Library is situated, is full of grandeur and loveliness.

Left.—Dr. Tien-she Hu, Director of the Bibliotheque Sino-International at Geneva, (Chinese International Library). Dr. Hu was for many years President of the Association of Chinese students in Germany.

Below—Main Building of the Chinese-International Library at Geneva, on the ground-floor of which are located the reading room, the lecture room, several exhibit rooms and a periodical-room in a glass-covered terrace. The Director's office, the Chinese drawing-room, and various offices are located on the first floor.



It is to be emphasized, that since the month of August of 1934 the Library is editing an illustrated trilingual (English-French-German) monthly review, "Orient et Occident," which does not interest merely sinologues, but every intellectual person interested in the history, in the culture, and in the reconstruction of China. Consequently, this periodical publishes articles on the most varied scientific and economic topics as well as on such of a more general character. It discusses all the problems concerning China and its relations with the Occident.

Moreover, in August 1935 there was started the publication of an illustrated trilingual periodical (as "Orient et Occident" in French, English and German) of a more popular character, the "C.I." (China Illustrated). It aims at instructing the extensive European public in an entertaining manner and at offering a vivid, truthful picture of the Chinese mode of existence.

By editing reviews of this kind, as well as a series of other publications, the "Bibliotheque Sino-Internationale" expects equally to contribute to a better understanding between the Far East and the Occident. It trusts that these efforts will be appreciated by the most distinguished personalities of Europe and invites China's friends to support the Library's work by cooperating with the review, by subscriptions, and by spreading the knowledge of its existence.

Who's Who in China

雷寶華

Powers A. Lay (Lei Pao-hua)

Powers A. Lay (Lei Pao-hua), Government official; born in Ankong. Shensi, 1892; was graduated from the School of Mining and Metallurgy of the National Peiyang University in Tientsin with the degree of B. Sc.; visited England, Germany, Belgium, France and the United States to investigate and study mining and fuel problems; has successively served as engineer of Kailan Mining Administration; Chief engineer of Kung-Chang-Ling Iron Mine of Liao-Ning; Coal Mining engineer of Pei-Piao Coal Mines; Dean of Mining and Metallurgical Engineering Department and Professor on Fuel Problems of the National Peiyang University in Tientsin; now Member of the Provincial Government of Shensi and concurrently Commissioner of Reconstruction and Director of Shensi Bureau of Forestry; member of the National Resource Commission; author of "Research on the Low-temperature Carbonization of Chinese Coals"; address: Department of Reconstruction, Shensi Provincial Government, Sian, Shensi.

雷寶華，年四十五歲，陝西省安康縣人，國立北洋大學採鑛冶金科工學士，赴德比英美等國鑛冶工廠研究採冶及燃料問題，歷充開灤煤鑛工程師，奉天弓長嶺鐵鑛總工程師，北票煤鑛工程師，國立北洋工學院採冶工程學系系主任，兼燃料學教授，軍事委員會資源委員會鑛冶專門委員，民國二十二年任陝西省政府委員，二十三年五月兼任陝西省建設廳廳長，及陝西省林務局局長。

Drunken American Seaman Wreaks Havoc with Locomotive at Tsingtao

Two freight cars and a passenger coach of the Kiaochow-Tsinan Railway were smashed June 27 when a drunken American seaman named Corrish of the U.S.S. *Augusta* entered the station, jumped on a locomotive and began driving it. The seaman, sobered after waking up to the destruction he had wrought, attempted to escape but was arrested by the railway guards. He was subsequently handed over to the American Consulate. The damage is stated to exceed $3,000.

According to the Chinese protest, Corrish entered the locomotive during the absence of the driver and started it. His journey was a brief one, for the locomotive crashed a short distance away into the last of a line of eight freight cars, three of which were derailed. He was put in the *Augusta's* brig and will probably be court-martiated. Samuel Sokobin, U. S. Consul personally tendered apologies to the Tsingtao authorities and offered to compensate them for the damages incurred.

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THE CHINA WEEKLY REVIEW
160 Ave. Edward VII, Shanghai.

In the United States Court for China

TATIANA IVAN PETROFF, Plaintiff, vs. ALEXEY D. PETROFF, Defendant.	Cause No. 4216 Civil No. 2095 ORDER Filed at Shanghai, China, June 18, 1937. William T. Collins, Clerk. By E.J. Collins, Dep. Clerk.

The object of this suit is an action for Divorce.

WHEREAS, plaintiff herein, by her attorneys, has this 17th day of June, 1937, made application for the substitution of publication for personal service upon the defendant herein; and

WHEREAS, it appears from the files in this case that on the 17th day of June, 1937, the summons for defendant was returned by the United States Marshal for China with the following noted thereon: "Defendant cannot be found within the jurisdiction of this Court"; and

WHEREAS, it appears from the files in this case that on the 17th day of June, 1937, the plaintiff herein filed an affidavit to the effect that the defendant does not now reside in China, nor has he resided therein since June 16, 1936, and that defendant's last known address was 810 East Denny Way, Seattle, Washington, U.S.A.

NOW, THEREFORE, it is this 18th day of June, 1937, ORDERED that service upon the defendant be made by publication once a week for three consecutive weeks in the CHINA WEEKLY REVIEW, a paper of general circulation most likely to reach the defendant.

IT IS FURTHER ORDERED that the defendant cause his appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays, occurring after the 10th day of July, 1937, the day of last publication of this Order; otherwise the case will be proceeded with as in case of default.

By the Court:

Dated at Shanghai, China.

this 18th days of June, 1937.

MILTON J. HELMICK,
Judge.

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Men and Events

W. J. Fronk, Manager of Haskins and Selis, auditors, has gone to the United States on home leave.

John J. Mokrejs, chief accountant of China General Edison Corporation, has gone to the United States on vacation.

P. H. Bordwell, Assistant General Manager of the Robert Dollar Company, has gone to the United States on a six months' business trip.

L. R. Moore of the Shanghai office of E. I. Du Pont de Nemours and Co., has gone to Hongkong and Canton on a business trip.

J. Fistere, Jr., Manager of the National Aniline and Chemical Company, has gone to the United States on a business trip of several months duration.

Mrs. Clarence E. Gauss, wife of the American Consul-General, in Shanghai proceeded this week to Peitaiho beach, accompanied by her son Charles.

A. E. Shoemaker, vice-president and manager of the Chase Bank, accompanied by Mrs. Shoemaker and their children, departed for New York on vacation.

Five Communists including one by the name of Wang Yu-chin arrested some time ago at Fuchin, were shot dead in Foochow, June 23 by the Peace Preservation Corps.

T. L. Soong, Finance Commissioner for Kwangtung, returned to Shanghai June 24 from Peiping where he had attended to the affairs of the Peiping branch of the China Stock Bank.

W. L. Bond, Vice-President of China National Aviation Corporation has gone to the United States on a business trip. He plans to return in two or three months.

U. G. Frondorf, General Manager of the firm of Ault and Wiborg Company, has gone to the United States and Europe on a business trip. He plans to return to Shanghai in the autumn.

C. E. Watson, formerly Secretary of the Shameen Municipal Council, was killed June 28 by falling out of a window of his home at Kowloon. Mr. Watson is believed to have been born at Shanghai.

Dr. Franklin Ho, director of the Political Affairs Department of the Executive Yuan, attended the commencement exercises of the Nankai University in Tientsin June 3. He has in the meantime proceeded to Kuling.

Marshal Wu Pei-fu, former Warlord of China, gave a lecture on Buddhism at the Chu Shih Yi Buddhist Association in Peiping, June 22. More than 300 people were present and followed Marshal Wu's lecture with close attention.

Frederick Schang, Vice-President of the Columbia Concerts Corporation of the Columbia Broadcasting System, was a visitor to Shanghai this week looking for Chinese ballet talent for importation to the United States.

Twenty-five selected nurses will represent China at the forthcoming World Nursing Conference to be held in London from July 11 to 24. After the conference they will proceed to the United States on an investigation tour.

The Shanghai Municipal Council has filed ten suits in the Japanese Consular Court Against tax defaulters. The total number of Japanese tax defaulters, to whom final notices have been issued by the Council, exceeds 360.

The *Hsin Min Pao*, one of the leading dailies in Nanking, has been reorganized into a limited corporation. Hsiao Tung-tse, C.E.C. member and Director of the *Central News Ageney*, has been elected chairman of the Board of Directors.

Dr. Alfred Sze, former Chinese ambassador in Washington, who recently visited Nanking and Kuling to see Dr. Wang Chung-hui, minister of foreign affairs, and General Chang Kai-shek, returned to Shanghai from Nanking by train, June 21.

The wedding of Miss Cheng Pao-hu, third daughter of Cheng Hung-nien, former Vice-Minister of Railways, and Chang Chin-hung, Professor of English at the Sun Yat-sen University in Canton, will be celebrated in Peiping on July 3 at the Grand Hotel de Pekin.

Admiral Harry E. Yarnell, Commander-in-Chief of the U. S. Asiatic Fleet, who has been visiting in Peiping, has gone to Tsingtao where he will remain for a considerable period dividing his time between that port and Chefoo where the U. S. Fleet is now quartered.

The Chinese Police Society, first of its kind ever established in this country, was formally inaugurated in Nanking, June 20 with 500 members attending. Gen. Wang Ku-pan, Commissioner of Metropolitan Police, delivered the principal speech during a short ceremony.

Chen Hsing (Jian H. Chen), Deputy Governor of the Central Bank of China, and Pei Tsu-yee, Manager of the Shanghai branch of the Bank of China, who went south with T. V. Soong, to assist in the readjustment of the Kwangtung currency, have in the meantime returned to Shanghai.

The local German Community held a meeting at the Kaiser Wilhelm Schule June 30 to consider plans for the construction of a large building which will serve as a German Community Centre, which is to include a large gymnasium, a swimming pool and an auditorium large enough for community meetings.

By order of Tseng Yang-fu, Mayor of Canton, two daily newspapers, the *Yueh Pao* and the *Shih Min Jih Pao*, operated respectively by the Kwangtung Provincial Department of Reconstruction and the Canton Municipal Government, have suspended publication. Their equipment has been taken over by the *Chung Shan Pao* and *Canton Pao*.

Judge and Mrs. Julius H. Miner of Chicago who spent several days in Peiping and Shanghai on a trip through the Orient, sailed for the United States on the *President Hoover* this week. Judge Miner is a well known member of the Chicago Circuit Court. After a brief stop-over in Honolulu they will proceed to their home in Chicago.

Nathaniel Peffer, well known writer and lecturer on Far Eastern subjects, who has been in the Far East for several months, is planning to proceed to Japan for a brief visit before returning to the United States. Mrs. Peffer, who is accompanying Mr. Peffer, was ill while they were in Shanghai but has recovered her health since proceeding to Peiping.

Col. V. R. Burkhardt, D.S.O., O.B.E., R.A., who is attached to the general headquarters of the China command of the British forces in China, is now in Peiping and according to reports in the Chinese newspapers is making a special investigation of Anglo-Japanese interests and relations in northern China in connection with the present negotiations in London.

Mrs. Henri H. Smith-Hutton, wife of the U. S. Fleet Intelligence Officer, Lt. Smith-Hutton, has gone to Tsingtao where she will spend the summer with her husband. While in Peiping, Mrs. Smith-Hutton was the guest of Mrs. E. L. Salisbury mother of Laurence E. Salisbury, First Secretary of the U. S. Embassy in Peiping.

For secretly selling important documents and disclosing military secrets, Chou Tung-sheng was arrested and shot at Wuchang, provincial capital of Hupeh, June 27 after trial by court-martial. The accused was sentenced to death and executed with the approval of the Wu-Han Provisional Headquarters of the President of the Military Affairs Commission.

The American Department of Commerce last week issued an order prohibiting foreign ships from giving through passengers to the United States stop-over privileges at Hawaii. The order principally affects the Nippon Yusen Kaisha. The Japanese Government, according to a *Domei* message from Tokyo June 23, was preparing a protest, but it was felt that the chances of securing a rescission of the order were slim.

Dr. Ralph A. Ward was unanimously elected honorary member of the Nanking Rotary Club June 24 on a motion by Su Mo. Newly appointed a bishop, Dr. Ward is now in Szechuen making arrangements to move into the new post there. Dr. Ward is the second honorary member of the Nanking Club, the other being Dr. Yen Teho Teh-ching, the Vice-Minister of Railways.

The 5,000-ton Soviet floating dock, which is being towed by two steamers, from Odessa to Vladivostok, left Hongkong June 26 for its destination. The dimensions of the dock are: length 100 metres; width, 25 metres, and height, 30 metres. It will serve crab-catching, lumber carrying and other Soviet vessels as well as submarines and destroyers. The dock in making its journey proceeds at an average speed of about six knots.

Anthony Eden, the Foreign Secretary, stated in the House of Commons June 23 that negotiations were still proceeding with the Chinese Government with a view to the acquisition of a site for the new British Embassy in Nanking. A *Kuo Min* message from Nanking June 26 stated that as a result of arrangements with the Ministry of Foreign Affairs, the British Embassy has selected a tract of land in the neighborhood of the Central Road as the site for its new permanent quarters in the Capital.

The death occurred in the German Hospital, Peiping, June 25 of Mrs. J. T. Ford, wife of Major Ford, treasurer and controller of the Finance Department of the Shanghai Municipal Council. Major Ford was present at the time of death. The funeral was held in Shanghai. Mrs. Ford had been a resident of this city for the past 28 years, having come here with Major Ford in 1908 from England. Her home was in Portsmouth. She had recently been elected chairman of the British Women's Association.

Dr. and Mrs. Tsu Chun-pei, returned to China this week, after completing their studies in the United States. Dr. Tsu was awarded the Master of Arts degree at the University of Missouri in 1935. Continuing his studies in political science in Columbia University in New York, Mr. Tsu was awarded the degree of Doctor of Philosophy this summer. Returning with Dr. Tsu is his wife, Miss Lu Su-ching, who did graduate work in education, winning her master's degree at the University of Missouri.

Miss Marion Wiley was married on Tuesday, June 29 to Robert Monical. The marriage ceremony was performed by Judge Milton J. Helmick of the U. S. Court. The witnesses included Miss Helen Wiley, sister of the bride, and W. H. Smith. Mr. Monical its Shanghai district manager of Texas Oil Company. The bride is a daughter of Dr. and Mrs. M. C. Wiley of Albuquerque, New Mexico. She came to Shanghai sometime ago to visit her sister who is secretary to Judge Helmick.

Chow Chi-kang, C.E.C. member and Vice-Chairman of the Overseas Affairs Commission, will sail for Hongkong in July 3 enroute to the South Seas to investigate the conditions of the overseas Chinese there.

The corner-stone laying ceremony for the new building of the Legislative Yuan at Nanking will be held following the last session of the Yuan on July 2 before the summer recess. Sun Fo, President of the Yuan, will officiate.

To agitate for the early abolition of foreign consular jurisdiction in China, the Chinese National Bar Association at a recent meeting of its standing committee decided to name a special committee for campaigning against the continued existence of extrality.

Dr. Wang Chung-hui, Minister of Foreign Affairs, delivered a radio speech on the "Progress of New China" June 30. The speech was broadcast from the Central Broadcasting Station at Nanking from 7.15 to 7.30 (Nanking Time) and was transmitted by the Chinese Government Radio Administration's sending station at Chengju, near Shanghai, to America, where it was picked up and relayed by the Columbia Broadcasting Station, in the United States, upon whose invitation the speech was made.

Bids for the construction of two new gunboats for duty on the Yangtsze River have been called for by the United States Bureau of Navigation at Washington. The two boats are planned to take the place of the U.S.S. *Palos*, recently sold to the Ming Sung Industrial Company, and the U.S.S. *Monocacy*, also to be sold. Both vessels will be built especially for navigation on the Yangtsze River. The final awarding of the contracts awaits the making of the necessary appropriation by Congress.

The annual meeting of the North China Branch of the Royal Asiatic Society was held in Shanghai June 24, with A. de C. Sowerby presiding. Mr. Sowerby reported a rather serious state of the Society's finances. He said many channels had been explored with a view to removing the overdraft at the Bank of $58,000, the interest on which is a heavy item to meet every year; until this indebtedness has been removed, the Society's officers will continue to be hampered in every direction.

The Very Rev. Adolph J. Paschang, (a native of Martinsburg, Missouri) has been named Vicar Apostolic of Kongmoon, Kwangtung, succeeding the Most Rev. James E. Walsh, who, last summer was chosen Superior General of the Catholic Foreign Mission Society of America. The Very Rev. Maurice Patrick Connaughton, (a native of Ireland) has been designated Prefect Apostolic of a newly erected ecclesiastical Prefecture, that of Siuhsien, Hupeh.

The British Consulate at Tsinan was closed June 18 as an economy measure. The Consulate had been shut up for a year of two on a previous occasion, but was opened again last year when C. E. Whitamore was sent as Consul to Tsinan. The British Government, however, decided that the expense of maintaining a Consulate at Tsinan was not warranted. The plot of land and the building (which was erected at a cost of £12,000) are to be sold.

Shanghai American Club Opens Portals to Women

On July 1 the American Club opened its doors to women. The former assembly room of the Club located at the north end of the fifth floor has been redecorated and turned into a ladies' lounge. Here the woman members of the club (who number several score) will have facilities to play bridge, mah jongg and have meals. A ladies' dressing room will adjoin this hall. On the northwest corner of the main hall, club authorities have completed arrangements for a ladies' lounge which will also serve as a general reception room.

The annual meeting of the Shanghai American Club was held June 29, when Alfred S. Lee, acting secretary, made a report on the year's operations. Note was made of the fact that the treasurer, Bruce Smith, had gone on home leave to the United States in April. His accounts ending March 31 were duly audited by the Club's auditors on April 2. The acting treasurer, James B. Pilcher, now on vacation, requested Mr. Lee to make up the Treasurer's report for presentation to the annual meeting. Due to lack of time and unfamiliarity with the task, only a statement showing funds standing to the credit of the club in the National City Bank of New York was presented together with the memorandum regarding the Club's Trust Funds which are in safe custody of the Trustees, Messrs. K. P. Chen, C. D. Culbertson and Chester Fritz. The treasurer's accounts up to the period ending June 26 were submitted to Ralph P. Newell of The National City Bank for audit on June 28.

Ministry of Communications Buys Foreign Radio-Broadcasting Station in Shanghai

Radio-broad station XQHE, which has been operated at 9 Route Doumer for the past several years by J. J. James, Shanghai restaurant keeper, was sold last week to the Ministry of Communications. The contract between Mr. James and Orlando Pao, Director of the Ministry's Shanghai Telegraph Office, was signed June 24. The apparatus is being dismantled for erection elsewhere. Mr. James in an interview stated that his venture into radio broadcasting had netted him a loss of about $40,000.

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* * *

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Tokyo: Maruzen & Co., 6 Tori-Nichome Nihonbashi.
New York: G. E. Stechert & Co., 31 East 10th Street.

London Publishers: Kegan Paul, Trench, Trubner & Co., Ltd., 38 Great Russell St., W.C.

New Books of Interest in the Far East

An Attempt to Capture Yesterday

Return to Malaya, By R. H. Bruce Lockhart. Putnam, London. 1936. 426 pp. 10/6 net.

Twenty-five years ago, at the age of 21, Bruce Lockhart was sent to Malaya to open up a rubber estate. He spent three years in a remote district, where there were no other white men, and crowned his stay by carrying off Amai, the beautiful ward of a Malay prince. Then came malaria and Lockhart was shipped home. His Malayan adventure had brought him neither cash nor credit. But memories remained, and in 1935, with a few months to spare, it was to the scene of his earlier exploits that Lockhart directed his steps.

The Return to Malaya is a wistful attempt to recapture Yesterday, with its days of youthful delight and love and hardships, its friendships and hatreds, its aspirations, hopes and despairs, its ideas and impressions. Sadly, the writer finds the Malaya of his days gone, to be replaced by something utterly different,—something permeated with commercialism and petty vices, constant fear of Chinese infiltration and Japanese conquest, something entirely removed from the Malaya of the "white man's burden era."

The book is not a travelogue. Neither is it a serious political or economic study of Malaya. There is no order and little coherence in the book. Lockhart lightheartedly jumps from biographical notes on Loti and Conrad and Japan's influence on the policy of the Netherlands East Indies to a description of Singapore's "street of joy" and philosophical observations on the value of English education in Malayan schools.

And yet, the book is a joy to read and re-read. If one cares little for Malaya and follows the writer faithfully along the bypaths of his thought and impressions, he is destined for hours of enthralled reading. Whether one agrees with the author's observations, liberally sprinkled on every page, or not, he cannot but be stimulated by them. Nor can he fail to admire the book as a superb piece of writing.

Mr. Lockhart devotes much space to the consideration of the future of British Imperialism, of which he is a passionate defender, and of the Orient in general. Japan, he finds, is rapidly becoming the crux of all speculations on such topics. "There was the incontrovertible fact," he declares, "that Japan is today the most powerful nation in Asia, and that her word, and not the word of the League of Nations or any other combination of powers, is law to half the world. . . To express surprise and indignation at the growth of Japan's export trade was merely to shut one's eyes to the acutest population problem of our times. If Japanese goods were to be shut out, Japan must either starve or fight."

But the real danger to colonial empires in the East, Mr. Lockhart thinks, would in the long run come from the inside. The Orientals have imbibed freely of Occidental ideas and are no longer content to suffer Western domination. Education, he declares, was the threshold to nationalism. The Dutch, the French and the British would probably have to go in this order.

"But there was no reason why either the British or the Dutch should be ousted quickly. In this part of the world the Pax Britannica and the Pax Batavica still meant order instead of chaos, health instead of sickness, and even in bad times comparative plenty instead of starvation. And whatever the sins of colonial exploitation might have been in the past, today there was honest administration and a genuine regard for native interests. . . The last war had done more to undermine the prestige of the white man in the East than a hundred years of education. Another European war within the next few years would probably mean the end not only of Europe's possessions in the East, but also of the benefits of her ordered rule to millions of people. There was not very much that was wrong with the British in the East. If trouble came, they would do their duty like the 'lost legion' in the days of Rome's decline. But civilization destroyed itself from within. The future of our Eastern Empire would be decided not in India, not in Malaya, nor in Hongkong or in Ceylon, but by the will-power and survival fitness of the British at home."

Passing by vast Chinese-owned rubber estates that 25 years ago were a virgin jungle, Lockhart remarks:

"I marvelled at the strides which Chinese penetration had made since my time. I conceived a new admiration and a new fear for this yellow race which can bring the most unlikely soil to culitivation and can endure the most gruelling discomfort for the prospect of material profit. Indeed, the Chinese and the motor-car have destroyed for ever that sense of loneliness and distance which formely was the chief characteristic of life in Malaya.

"The greatest change in Malayan life," he says again, "is the emergence of the modern Chinese capitalist and industrialist. Singapore has always been famed for its rich towkays. But the towkay of today is a very different being from the courteous, pig-tailed gentleman of two generations back. Externally, at least, he is Westernized from the soles of his brown shoes to his tie and collar, and in the evening he can wear his boiled shirt and dresscoat with the Best European. More often than not he wears horn-rimmed glasses. If he is the son of a rich father, he is almost certain to be a university graduate and perhaps a bencher of one of London's Inns of Court. If he is self-made—and among the Singapore towkays there are still amazing examples of men who began life as an ordinary coolie and became dollar millionaires—he soon acquires the outward attributes of his better educated compatriots. But in both cases he is a fully equipped industrialist with the money-sense of a Jew, the gambling instincts of a South African Rand magnate, the modern methods of a Bata or a Ford, and the tireless, persevering energy of an old-time Glasgow Scot....He is a generous giver to local institutions, and like American millionaires is fond of endowing hospitals, colleges and other educational institutions. He is expatriated, and in some cases is afraid to return to China in her present state. But, although he feels himself at home in the Straits Settlements and is proud of what he has done for Singapore, it would be a mistake to imagine that he has forgotten his homeland. One day some Straits-born Chinese may rise with the same ambition as the Austrian-born Hitler to raise his fatherland from the depths of defeat and revoluation. Already some of his profits go to help his struggling country, and there is more than one university, including Amoy, in China that has been founded with Chinese money from Singapore."

Of minor errors in the book, one would point out that the Czech shoe king's name is Bata, not Bat's, and that the money in use in China is dollars or yuan, not yen (p.121).

But these mistakes do not detract from the value of the book. It is recommended unhesitatingly as one of the best non-fiction work of recent years. M.

Business Men in the Philippines

Men in Sun Helmets By Vic Hurley. New York, E. P. Dutton and Co., Inc. 1936. 252 pages, $2.50 Gold.

Vic Hurley can tell a story well. This book is an account of life in Zamboanga, the tropics de luxe. It follows *Southeast of Zamboanga*, the same author's account of life in the jungle raising cocoanuts. In the present book he has become a business man in a white suit and a sun helmet, a collector of other men's stories. The advantage of collecting some of these stories rather than living them, is that one is alive to tell the tale. The varieties of monotony and of danger which attend the white man in the distant parts of the Philippines are sharply cut.

Here are stories which will quicken the pulse of every stay-at-home and make him long for this job and sun helmet too. The publishers describe Vic Hurley's books as the reaction of a sensitive mind to a tropical environment in its "true and unromantic aspect." The fact is that romanticism is a mental attitude which may be supplied by the reader as well as by the author. And so the stories of the American Colonel and the raving Moro, the tourists from the Resolute, the signing of chits—all take on an exotic flavor to the one who is far away from them.

The reviewer would like to remonstrate with publishers who advertize their wares in the first pages of a book which is priced at two fifty gold, which makes no pretense at being a cheap popular edition. F.M.R.

Adventures of an Anthropologist

South Seas, by Hugo Adolf Bernatzik; New York: Henry Holt & Company; US$3.50.

This beautifully illustrated travelogue deals with the author's recent trip to the South Seas. The visit was made to study the indigenous peoples of the region, phases of their mentality and customs and their contacts with Western civilization and its influence upon their daily lives. An Austrian anthropologist of some note, Dr. Bernatzik has written a lively untechnical account of the peoples he visited and his adventures and hardships among them.

In a colorful manner he describes Melanesian warriors and headhunters bedecked in bird-of-paradise feathers, together with their trousered, now worldly-wise fellows, some of whom had even "heard a lot about the Great War" and knew the Germans as "a large cruel tribe" which was "fortunately beaten by the Australians." In his wanderings through the Solomon Islands, New Guinea and Bali the author met white men "gone native," missionaries, government officials, traders and gold diggers along with the native hierarchies of chiefs, priests and supernatural deities, the women, children, dogs, lice and other inhabitants.

In the Solomon Islands Dr. Bernatzik won the friendship of a white man who had become the priest of a native tribe. In New Guinea he explored territory not previously traversed by any white man. In Bali he was able to stay far from the usual tourist haunts and to observe those Balinese still entirely unspoiled by contact with civilization.

More than one hundred photographs of unusual beauty illustrate the book. Thus they make the work, which is primarily designed for the lay reader, of interest also to those scientifically interested in the region. D. D.

Notes on Various Publications

The *Japan Advertiser* has just published its annual Review of Finance, Industry and Commerce for 1936-37. It is a profusely illustrated magazine of 68 pages. An article by Guenther Stein on "Japan Forces Pace of Economic Advance," is given the premier position. Other notable articles are: "Manchukuo Enhances Yield of Partnership with Japan," by Yosuke Matsuoka; "Japan's Plan to Overcome Iron and Steel Shortage," by James A. Rabbitt; "Events in Field of Finance Set Misgivings at Rest," by Tanzan Ishibasi; and "Tourists Spend Hundred Million Yen Annually," by A. F. Thomas. General articles cover such subjects as to Coal Liquefaction; Coal Output,; Cement Output; Glass Industry; the Shipbuilding Boom; Rubber Goods Industry; Paper Output and Sales; Wool Industry; Cotton, Silk, Rayon, etc.

The April issue of the *Social and Economic Quarterly* published by Nankai University at Tientsin, contains the following as the principal articles: China's International Trade Statistics (An Evaluation), by Choh-ming Li; The Coal Industry in China, Leonard G. Ting; Some Practical Proposals for Chinese Cooperation, by W. K. H. Campbell; The Jewish Press in China, by Rudolf Lowenthal; and Recent Literature on Economic China, by Leonard G. Ting.

"China: Ancient and Modern" is the title of a bulletin of the University of Hawaii, prepared by Shao Chang Lee, Professor of Chinese History and Language at the University. The author states that during the past 4,000 years China has been slowly, steadily and continuously developing her culture and has made valuable contributions, directly or indirectly, to the development of the cultures of other countries.

The American School at Kuling has issued the *Lushan* Lantern (1937), a handsomely illustrated brochure giving a description of the School's activities.

Ministry of Industry Imposes Punishments in Chinese Cotton Goods Exchange Scandal

Stern measures have been adopted by the Ministry of Industry for the punishment of those responsible for the recent crisis on the Chinese Cotton Goods Exchange in Shanghai. In orders issued this week to the Board of Directors of the Exchange, the Greater Shanghai Municipal Bureau of Social Affairs, and the Government delegates on the Board of Supervisors of the Shanghai (Bond and Commodities) Exchanges (Messrs. Wang Hsiao-Lai and Yu Kai-chan), the Ministry ordered: the dismissal of Wu Jui-yuan, a member of the Board of Directors of the Chinese Cotton Goods Exchange; the cancellation of the registration of three brokers of the Exchange; and the imposition of a fine of $5,000 each on nine firms involved in the scandal.

Regulations prohibiting speculation on cotton exchanges were approved by the Executive Yuan June 29.

Annual Meeting of A. A. U. Discloses That Principal Investments Paid No Dividends

The annual general meeting of the American Asiatic Underwriters, Fed. Inc., U. S. A., was held in Shanghai June 28, with C. V. Starr, president, presiding. A profit of $210,513.46 was reported from insurance agency operation. Mr. Starr in his speech said the A. A. U.'s largest investments, Asia Life, International Assurance, and Metropolitan Land, paid no dividends in 1936 or 1935 on operations, nor had any dividends yet been paid on 1937 operations. He said the A. A. U. management has been greatly concerned over the notations on the liabilities side of the balance sheet regarding non-payment of preferred share dividends. It is their wish, he said, to resume payments at the earliest possible moment but until the deficit is cleared up, either by improved investment values or earned profits, no payments except special tax-saving dividends are permissible.

Children And Fresh Fruit.

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In the United States Court for China

In re. ESTATE of MONTE VALENTINE SULLAWAY Deceased.	Cause No. 4222 Special Proceedings No. 2101 NOTICE Filed at Shanghai, China, June 30, 1937. William T. Collins, Clerk.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of Monte Valentine Sullaway, deceased, to present the same with vouchers to the undersigned on or before January 3, 1938, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

Roy G. Allman,
Hamilton House,
Shanghai, China.

Shanghai, China, June 30, 1937.

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(*Continued on page 156*)

to have said that "there is a considerable number of protagonists in Siam of an Asiatic league, with Japan as its leader." However this may be, the Pan-Asia doctrine, because of China's cool attitude toward it has not made great headway. Its chief sponsor, the Great Asia Association in Tokyo, numbers only about 300 members.

There are certain cultural relations, however, between Japan and other Asiatic peoples which, if developed, may provide assets for Japan. The Japanese delegate Yosuke Tsurumi, speaking at the Sixth Conference of the Institute of Pacific Relations in 1936, stressed Japan's "cultural expansion" as a "very important factor" accompanying the political and economic phases of Japan's advance. Japan's cultural authority in southeastern Asia, in so far as it is a reality, is based to a large extent on a deliberate emphasis of religious unity. The idea of Pan-Buddhism propagated by the Shin sect, the most popular Buddhist organization in Japan, may prove an ideological force in this direction. Under the auspices of this sect, an international Pan-Pacific Youth Conference was held at Tokyo in 1934, with Buddhist monks of every Asiatic country attending it. Young monks of the militant Nichiren sect are busy going back and forth between Japan and Calcutta, boasting of contacts in Indian circles, notably Mr. Gandhi. Five members of this sect were attacked near Shanghai immediately before the Shanghai incident of 1932. In Siam, where Buddhism is particularly strong, the Japanese ideology of Pan-Buddhism has met with response. The Siamese government has twice presented relics of Buddha to Japan, where they are kept in the Japan-Siam temple at Nagoya, and in the Honganji temple at Tokyo. In addition to this religious aspect, cultural relations between Japan and other Asiatic countries are consciously promoted by providing opportunities for scientific study, an increasing number of Asiatic students finding their way to Japanese universities. If this cultural advance should develop, Japan may command considerable ideological asset in several countries affected by the southward drive of the Japanese navy. These assets may play their part in furthering peaceful penetration of southeastern Asia.

Conclusion

Japan's southward expansion threatens the colonial interests of European powers which, except for Britain, are too weak to hold their own against Japan. Britain, which has a vital interest in the preservation of the status quo, is assuming or is urged to assume the role of protector of the French, Dutch and Portuguese possessions. A tremendous effort has been made to enable the British Empire to face the changing situation in the East: Britain spent more than £10,000,000 in fortifying Singapore—which today is practically impregnable—and is willing to spend an additional £70,000,000 on an Imperial Pacific Fleet. Outlying British dominions, as well as the colonial possessions of Western powers friendly to Britain, feel a new security. Japanese statesmen have assured the world that in the penetration of southeastern Asia exclusively peaceful methods would be employed, and there is no reason to question their sincerity. But should this policy change, the firm stand and effective measures of protection taken by Western colonial powers under British leadership make the success of a non-peaceful venture on the part of Japan highly improbable.

Shanghai Police Raid Bookstore, Seize Alleged Communistic Books

The Shanghai Municipal Police June 26 seized about 300 books from the stock of the American Book and Supply Co., Bubbling Well Road, on the score that their contents were Communistic. The raid was conducted by the Settlement police at the request of the Chinese authorities, who alleged that the book store is one of the largest distributing centers of radical literature in Shanghai.

The manager of the firm is Valentina Sotoff, (wife of A. I. Sotoff, manager in Shanghai of the *Tass News Agency*, who was not on the premises when the raid took place.) The establishment in question is said to be Soviet-owned; the nominal proprietor is an American citizen, W. Katz, who in previous years was a ship owner and merchant with headquaters at Tsingtao.

A. I. Sotoff Dies at General Hospital

The death occurred in the Shanghai General Hospital during the forenoon of June 30 of Andrei Ivanovitch Sotoff, manager of the *Tass News Agency*. A civic memorial service was held in the chapel of the International Funeral Directors, 207 Kiachow Road, July 1. The late Mr. Sotov was 33 years of age.

In the afternoon Mrs. Sotoff appeared in the Second Branch of the Kiangsu High Court to answer questions relating to the seizure of books from her store by the police. She was released on bail of $300.

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SAILING SCHEDULE

Amoy Departure		Manila Departure	
Tues.	6 July 4 p.m.	Mon.	12 July 11 a.m.
Sat.	17 July 4 p.m.	Thurs.	22 July 11 a.m.
Wed.	28 July 4 p.m.	Mon.	2 Aug. 11 a.m.
Sat.	7 Aug. 4 p.m.	Thurs.	12 Aug. 11 a.m.
Manila Arrival		**Amoy Arrival**	
Fri.	9 July	Wed.	14 July
Tues.	20 July	Sat.	24 July
Sat.	31 July	Wed.	4 Aug.
Thurs.	10 Aug.	Sat.	14 Aug.

China Merchants' Steam Navigation Co., Ltd.

Latest New York Stock Exchange Quotations

June 30, 1937

Stock Exchange—Business Done:-

Total Volume: 550,000 Shares

1937 High	1937 Low	Div. $ per sh.	STOCK	Last Sale June 28	Last Sale June 29
22⅜	15	0.55	Adams Express	15⅝	15½
83½	57½	1.95	Allis Chalmers	57¾	58⅞
121	90¾	5.00	American Can	93	92
35⅞	26⅝	0.60	Amer. Cyanamid "B"	29¾	30
12⅜	6	—	American & For. Power	6	6¾
68⅜	47½	—	American & Foreign Pwr. $7. pfd.	48	48
29½	18⅞	0.60	American Radiator	19	18¾
187	159⅞	9.00	American Tel. & Tel.	159⅞	160⅝
99	74½	5.00	American Tobacco "B"	77	76½
29½	16	0.80	American Waterworks	16⅛	16
69½	48½	1.25	Anaconda Copper	50¾	50½
93¾	69½	2.00	Atchison, T. & S. Fe	73	75
36¾	14½	—	Auburn	15⅝	15
40½	20⅝	—	Baltimore & Ohio	25¼	25⅜
105½	78	2.50	Bethlehem Steel	81½	81¾
49¾	27½	—	Boeing Airplane Co.	27½	27⅞
17½	12½	—	Canadian Pacific Railway	12½	12⅜
176½	138	4.00	Case, J. I.	155	157
90¼	65	3.00	Chesapeake Corp.	67	68
68⅞	50⅜	2.80	Chesapeake & Ohio	50⅜	50⅛
135¼	96¼	13.00	Chrysler	96½	95¼
20⅞	10½	0.40	Columbia Gas Electric	10⅜	10⅝
21¼	13	0.80	Coml. Sovents	13	13
4½	2¼	—	Commonwealth & Southern, ord.	2¼	2⅛
49⅞	32	2.25	Consolinated Edison	32	32¼
17⅞	14⅝	0.80	Consolidated Oil	14⅞	14⅞
47⅝	40¾	1.25	Continental Oil	43	43⅛
71¼	55	3.75	Corn Products	60	60¾
77¼	48	—	Douglas Aircraft	54⅝	55½
180⅛	148½	5.95	Du Pont de Nemours	150⅜	150½
28⅛	14	—	Electric Bond & Share	14⅜	14⅝
64⅝	50⅜	1.65	General Electric	51⅛	51½
44¼	36⅜	2.35	General Foods	37	37¼
70½	48¾	4.00	General Motors	48⅜	49½
65⅛	42	1.00	General Railway Signal	42½	42
50½	31	1.50	Gold Dust	37⅞	38
47⅞	27⅜	1.00	Goodyear Tire & Rubber	36⅝	37
87	73½	0.37	Humble Oil	75¼	76
72⅜	55¼	1.75	International Nickel	57⅝	57¾
15⅞	9⅞	—	International Tel. & Tel.	10	10⅛
69⅜	51	1.95	Kennecott	54⅞	54¾
84½	64½	4.00	Loew's Inc.	73⅞	74½
28⅝	20	1.50	Lorillard	20¼	20⅜
101	85	3.00	Monsanto Chemical	86	86¾
69	50¾	4.30	Montgomery Ward	53¼	54
33¾	23	0.72	Nat. Bond Investment	23	26
26⅛	18¾	1.20	National Dairy Prods.	18⅞	18⅞
35	27½	2.75	National Distillers	28	28⅛
14¾	8⅞	0.60	National Power & Lt.	9	9
55¼	35	—	New York Central	35	34⅞
34⅞	21¾	1.30	North American	22⅜	22
38	28½	1.75	Pacific Gas & Electric	29½	29¼
53¾	40½	3.00	Pacific Lighting	41	41
12⅜	8	0.50	Packard Motors	8¾	8⅝
50¼	34⅜	1.00	Pennsylvania Railroad	34⅜	35
59¼	49½	2.75	Phillips Petroleum	52⅜	53¼
52⅜	37	2.65	Public Serv. of N. J.	37¾	37⅜
12¾	7⅞	—	Radio Corporation of Amer.	7⅞	7¾
58	49	3.00	Reynolds Tobacco "B"	49½	49½
51¾	39¼	4.50	Schenley	39⅜	38⅞
95⅝	81	6.75	Sears Roebuck	85¾	86
20¼	16¼	0.75	Socony-Vacuum	19	18⅞
32½	23½	1.50	Southern California Edison	23½	24
65⅜	41½	—	Southern Pacific	41½	41½
16¼	11¾	1.05	Standard Brands	11⅞	12
14⅞	5⅞	—	Standard Gas & Electric	6¼	6¼
76	63⅝	2.50	Standard Oil Co. of N. J.	64¼	64½
75	63½	4.10	Sterling Products	63¾	62½
44	34¼	2.50	Texas Gulf Sulphur	34½	34¾
17⅝	12½	0.45	Transamerica	12⅞	12⅞
111	95	2.90	Union Caride & Carbon	98½	99½
148¾	123	6.00	Union Pacific	123	123
35⅛	24⅛	0.50	United Aircraft (New)	26⅛	26¾
24⅜	14¾	0.20	United Airline Trans.	15	15
13⅝	4	—	United Corporation	4¼	4¼
17	11⅛	1.00	United Gas Improvement	11⅝	11⅞
43⅝	28⅝	—	U. S. Indus. Alcohol	29	29
72⅝	41¼	—	U. S. Rubber	53⅜	54
126½	75	—	U. S. Steel	96¼	96¾
39⅜	24¾	—	Vanadium	25¼	26
18	12	—	Warner Bros. Pictures	12	12
167⅝	130¼	6.00	Westinghouse Electric	136½	137½

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